



Daily Report

China

FBIS-CHI-90-150
Friday
3 August 1990

Daily Report

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United States & Canada

Zhu Rongji Ends U.S. Visit, Returns to Shanghai

OW0208160690 Beijing XINHUA Domestic Service
in Chinese 1347 GMT 2 Aug 90

[Text] Shanghai, 2 Aug (XINHUA)—Zhu Rongji, head of the Chinese mayoral delegation, and Wang Daohan, adviser to the delegation, ended their three-week visit to the United States and returned to Shanghai by plane this afternoon.

At the airport lobby, Zhu Rongji told reporters that, in the United States, the delegation had visited 12 cities and made extensive contacts with people of various communities, including high-ranking government officials.

While visiting Washington, Zhu Rongji said, he once met and had friendly and candid conversations with as many as 24 congressmen in a day.

He extended invitations to Americans of various walks of life to visit China and Shanghai so as to increase mutual understanding, he added.

He feels that profound friendship exists between the American and Chinese people, said Zhu Rongji.

Zhu Rongji said: "I believe that Sino-U.S. strategic relations are important to the international political strategy no matter what happens in the world. On the visit, we met with former President Nixon and former Secretary of State Kissinger. They both held that by looking ahead we would promote the friendship between the two peoples."

Zhu Rongji said: The visit played a positive in promoting the development of Sino-U.S. friendly relations. In particular, the publicity we gave to the development of Shanghai's Pudong area produced very good results. Public figures of various communities in the United States expressed considerable interest in the development of Pudong.

Other members of the Chinese mayoral delegation, including mayors of Wuhan, Chongqing, Taiyuan, Hefei, and Ningbo, had returned home earlier after the conclusion of the visit on 26 July.

A Shanghai delegation of scholars, which visited the United States together with the Chinese mayoral delegation, also returned to Shanghai recently.

Further on Visit

HK0308022790 Hong Kong SOUTH CHINA
MORNING POST in English 3 Aug 90 p 12

[By Geoff Crothall]

[Text] Shanghai's charismatic mayor, Mr Zhu Rongji, said on his return to the city yesterday that his three-week mission to the United States had "resolved a lot misunderstandings and built new bridges between China and the United States".

Speaking at Shanghai's Hongqiao Airport, Mr Zhu said many American politicians and businessmen did not really understand the current situation in China.

The main exceptions to this rule, Mr Zhu said, were the former president, Mr Richard Nixon, and the former secretary of state, Dr. Henry Kissinger, both of whom displayed "an exceptionally sympathetic, understanding and friendly attitude" toward China.

Mr Zhu said he extended an open invitation to Americans who did not understand his country to visit and see for themselves.

"I think both sides realised the need to re-establish relations and build new bridges between the two countries," he said.

The success of the visit has renewed speculation in Shanghai that Mr Zhu could be in line for promotion, most likely a position on the Politburo.

"I think he would prefer to stay in Shanghai but then he is a very ambitious politician and I would not be surprised if he accepts a post in Beijing should it be offered," a diplomat said.

While in the U.S., Mr Zhu managed to drum up considerable interest in the development of Shanghai's Pudong development zone.

"In all the 22 cities I visited, politicians and businessmen displayed considerable interest in China and the development of Shanghai in particular," Mr Zhu said.

"I told them if they have any problems, just give me a call and I'll see what I can do," he added.

A number of American corporations are currently looking at the possibility of setting up new projects in textiles, oil refining and manufacturing as well as real estate development in Shanghai, sources close to the mayor's delegation said, but it is uncertain just how many of these projects will be realised.

"Zhu Rongji was offering potential investors in the U.S. the earth if they would only come to Pudong. The problem is he may not be able to deliver that promise," a senior diplomat in Shanghai said.

"The final decision for most of the projects needed to develop Pudong do not rest solely with the mayor. The ministries in Beijing all want a say in the matter," he added.

U.S. Provides Aid for Hunan Flood Victims*OW2707132190 Beijing XINHUA in English
0814 GMT 27 Jul 90*

[Text] Beijing, July 27 (XINHUA)—Stephen Schlaikjer, minister-councillor for economic affairs of the U.S. Embassy here, provided a donation of 25,000 U.S. dollars on behalf of the U.S. Government to flood-stricken Hunan Province here today.

Hunan has been hit by consistent torrential rains since June, which have left 363 people dead, and damaged 110,000 houses, 2.6 million ha of crops, and a large number of bridges and highways. Direct economic losses are estimated at 2.8 billion yuan (about 590 million U.S. dollars).

The Chinese Central Government and local governments have been making every effort to send relief to the disaster-stricken area.

Government Produces Noses for U.S. Aircraft*OW2907185090 Beijing XINHUA in English
1434 GMT 29 Jul 90*

[Text] Chengdu, July 29 (XINHUA)—The China Chengdu Aircraft Industries Corporation will produce 100 aircraft noses in the next three years for a U.S. aircraft corporation.

The assembly of the first aircraft nose, to be delivered February next year, started here today.

According to a contract signed by the Chengdu Aircraft Industries Corporation and the McDonnell-Douglas Aircraft Corporation, the project, started in last March, will be finished by the year of 1993.

Tibet's Hu Jintao Meets Canadian Professor*OW0308050890 Lhasa Tibet Television Network
in Mandarin 1200 GMT 31 Jul 90*

[From the "Tibet News" program]

[Text] Hu Jintao, secretary of the party committee of the autonomous region, met with Mr. [as heard] Xie Peizhi, a Chinese Canadian and professor of history of the University of Regina, Canada, at the regional External Affairs Office on the morning of 31 July. [Video begins with medium shot of Hu Jintao walking up to shake hands with Xie Peizhi as he steps into the reception room escorted by two unidentified Tibetan officials]

Filled with feelings for the motherland, Mr. Xie Peizhi has returned to China 24 times and has been looking forward to visiting Tibet for a long time. In a very good mood, Mr. Xie Peizhi told Hu Jintao of his impressions of the past few days. [Video ends with a closeup shot of Hu Jintao and Xie Peizhi, seated in armchairs, engaged in conversation, with the guest doing most of the talking]

During the conversation, Hu Jintao briefed Xie Peizhi on the tremendous achievements scored by Tibet in

socialist construction in the past 30 years and more, under the leadership of the Communist Party of China, since its peaceful liberation.

Northeast Asia**Foreign Minister Talks With Japan Likely***HK0308011190 Hong Kong SOUTH CHINA
MORNING POST in English 3 Aug 90 p 12*

[By Willy Wo-Lap Lam]

[Text] The foreign ministers of China and Japan will likely meet later this year in another significant step towards the resumption of bilateral ties to pre-June 4 levels, diplomats in Beijing and Tokyo said yesterday.

The meeting between Mr Qian Qichen and Mr Taro Nakayama, which is tipped to take place in Beijing some time after the Asian Games, will mark the full resumption of official exchanges between the Asian giants.

Before the Tiananmen Square crackdown, the foreign ministers of the two countries had held annual meetings, and diplomats in Tokyo said the convention would likely be restored after the Asian Games in September.

Japanese diplomatic sources said even after the Prime Minister, Mr Toshiki Kaifu, had stated in early July that Tokyo would go one step ahead of other Western countries in reviving ties with Beijing, Japan was waiting for the right opportunity to restore ministerial-level visits with China.

"The Qian-Nakayama talks may be held after the Asian Games because the global event will have demonstrated that China is well on its way to being re-admitted into the international community," a diplomat in Tokyo said.

"This first official ministerial meeting between China and a Western country after June 4 is expected to hasten the resumption of similar ties between Beijing and other Western capitals".

At the same time, Beijing will likely send a high-level official to attend the coronation ceremony of Emperor Akihito in November.

A spokesman at the Japanese Embassy in Beijing said Tokyo had extended an invitation to the Chinese Government to send representatives to attend the function but no specific names had been mentioned in the invitation.

"Quite a number of heads of states from other countries will be in Tokyo at that time, and naturally we welcome senior Chinese politicians to attend the coronation," he said.

Western diplomats in Beijing said Beijing had good reasons to dispatch a high-level official for the imperial ceremony in Tokyo.

"Beijing's representatives at the coronation will have a good opportunity to talk to Western leaders who are attending the ceremony," a Western diplomat said.

How senior that official would be depends on the state of Sino-Japanese relations at that time.

However, analysts say it is unlikely that top-rung leaders including President Mr Yang Shangkun, Prime Minister Mr Li Peng or Communist Party General Secretary Mr Jiang Zemin would go before the meeting of the two foreign ministers.

Diplomats in Tokyo yesterday dismissed as speculation the report in a South Korean newspaper that the South Korean President, Mr No Tae-u, would attend the coronation in Tokyo and that he would be meeting either Mr Yang or Mr Jiang there.

In the meantime, Japanese sources have confirmed that former prime minister Mr Noboru Takeshita would represent Japan at the Asian Games in Beijing.

Earlier, Tokyo had turned down a Chinese invitation for the Education Minister, Mr Kosuke Hori, to attend.

After the summit of the Group of Seven industrialised nations in Houston in July, a string of former Japanese ministers have visited Beijing. And the Chinese Government is anxious that a senior Japanese minister will call on the Chinese capital later this year.

Li Ruihuan, KYODO Editor Discuss Ties

OW0308083090 Beijing XINHUA in English
0803 GMT 3 Aug 90

[Text] Beijing, August 3 (XINHUA)—Li Ruihuan, a Standing Committee member of the Political Bureau of the Communist Party of China (CPC) Central Committee, met here today with Yasuhiko Inukai, managing director and editor-in-chief of Japan's KYODO NEWS SERVICE.

During the meeting Li encouraged KYODO to further pursue exchanges and co-operation with China's XINHUA NEWS AGENCY in the field of press and communications.

Asked about China's relations with other Asian countries, including Japan, Li reiterated that further improvement and expansion of Sino-Japanese friendly and co-operative relations not only conform to the fundamental interests of the two peoples, but are also of significance for their safeguarding of peace and stability in Asia as a whole.

At Inukai's request, Li briefed him on China's political and economic situation, and its foreign relations.

Present at the meeting were Mu Qing, president, and Guo Chaoren, vice-president, of the XINHUA NEWS AGENCY.

CPPCC Vice Chairman Meets Japanese Visitors

OW0208232690 Beijing XINHUA in English
1352 GMT 2 Aug 90

[Text] Beijing, August 2 (XINHUA)—Qi Zhengying, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met a Koyasan Japan-China friendship calligraphy delegation from Japan here today.

The Japanese visitors led by Arai Yusei is here to attend prize-giving ceremony for the sixth China-Japan teenager calligraphy contest.

Qian attended the ceremony and awarded prizes to 20 Chinese teenagers who are from all over the country.

This evening, CPPCC Vice-chairman Wang Guangying and Qian Zhengying jointly hosted a dinner for the Japanese guests at the Great Hall of the People.

Japanese Delegation Arrives in Dalian

SK0208040190 Shenyang LIAONING RIBAO
in Chinese 5 Jul 90 p 1

[Text] An economic investigation delegation organized by the Japanese-Sino Northeast Development Association of Japan, with more than 130 members, arrived in Dalian on the afternoon of 4 July. Wei Fuhai, mayor of Dalian City, and leaders of concerned departments, met with principal members of the delegation led by Tabuchi Setsuya, president of the Nippon Nomura Stock Company.

The Japanese-Sino Northeast Development Association of Japan was specially established for promoting economic and technological cooperation between Japan and Dalian and the northeast China region. Its members are formed by more than 130 noted Japanese banking, industrial, and commercial enterprises. Since its establishment in 1984, this association has done much valuable work for promoting economic contacts and cooperation between the Japanese enterprise circle and Dalian City. The purpose of the delegation's visit is to understand Dalian City's urban and industrial development plans, the situation in improving the investment environment, and the policies and present situation of economic and technological cooperation with foreign countries. During their stay in Dalian, the delegation will investigate the Dalian economic and technological development zone, and the new port at Dayao Bay. At the same time, it will participate in the fourth northeast China and Inner Mongolia export commodity trade fair which is being held in Dalian. It is the biggest delegation of foreign businessmen participating in the Dalian trade fair to date.

Near East & South Asia

Envoy Urges Negotiation Between Iraq, Kuwait

OW0208112990 Beijing XINHUA in English
1056 GMT 2 Aug 90

[Text] United Nations, August 2 (XINHUA)—Chinese Ambassador Li Daoyu earnestly called upon Iraq and Kuwait to resolve their differences through peaceful negotiations.

Speaking at the meeting of the U.N. Security Council early this morning on the Iraqi invasion of Kuwait on August 2, the Chinese ambassador said China has consistently maintained that disputes between states should be settled by peaceful means instead of resorting to force.

Expressing his shock and regret [Beijing XINHUA in English at 1103 GMT on 2 August transmits the same report on the remarks made to the Security Council by PRC Ambassador Li Daoyu; this later version, however, omits the word "shock"] over the Iraqi invasion of Kuwait, the ambassador said that Iraq should cease the action of invasion immediately and withdraw its forces to the positions where they were located on August 1, 1990.

He expressed the hope that Iraq and Kuwait, with which China enjoys friendly relations, would live in peace together and settle their disputes by peaceful means.

Correspondent's Car Hit by Gunfire in Kuwait

OW0208092890 Beijing XINHUA in English
0808 GMT 2 Aug 90

[Text] Kuwait, August 2 (XINHUA)—Kuwaiti troops are engaged in fighting with Iraqi troops that crossed the border early this morning and occupied territories in Kuwait, radio Kuwait said.

The radio said Iraqi troops occupied a number of border posts and were advancing in Kuwaiti territory.

The radio said Kuwaiti troops "are engaged in fighting with the invading troops."

The Kuwaiti ambassador in Washington was quoted as saying that Iraqi troops were on the outskirts of Kuwait City.

Sounds of gun-fire could be heard in Kuwait City and tanks were seen moving around to defend the royal palace. Guns in the royal palace keep firing into the air and airplanes are flying over the palace.

Roads were closed and the traffic was blocked. The car of a XINHUA correspondent was hit by the gun-fire when he drove from his residence to the Gulf Street near the royal palace.

National Flag Hoisted at Embassy in Riyadh

OW2907000690 Beijing XINHUA in English
2339 GMT 28 Jul 90

[Text] Riyadh, July 28 (XINHUA)—The embassy of the People's Republic of China in the Saudi Arabian capital of Riyadh today hoisted the national flag over its premises at an official ceremony. The red flag, bright with five stars, is now fluttering in the skies of the Kingdom.

Charge d'affaires of the Chinese Embassy Sun Bigan, formerly China's trade representative in Saudi Arabia, hailed the establishment of diplomatic relations between China and Saudi Arabia in a brief speech to the embassy staff.

The development of the Chinese-Saudi relations was the fruit of the joint efforts of the two governments and peoples to promote the ties of cooperation and friendship. The embassy staff members will spare no effort to safeguard and promote the great achievement in the Chinese-Saudi relations, he said.

China and Saudi Arabia announced establishment of diplomatic relations at ambassadorial level on July 21, in the wake of official talks between the Chinese Foreign Minister Qian Qichen who visited Riyadh from July 20 to 22 and his Saudi Arabian counterpart Prince Sa'ud al-Faysal.

As soon as the establishment of diplomatic relations between the two countries was proclaimed, the status of the Chinese trade representative office in Riyadh was raised to the embassy level.

As from July 22, the national flag of the People's Republic of China was hoisted on top of the Chinese Embassy premises and the China's national emblem fixed on top of the embassy entrance gate.

NPC Vice Chairman Meets Sri Lankan Poets

OW0208125090 Beijing XINHUA in English
1052 GMT 2 Aug 90

[Text] Beijing, August 2 (XINHUA)—Zhou Gucheng, vice-chairman of the Chinese National People's Congress (NPC) standing committee, met with a group of Sri Lankan poets led by Wannina Yake, poet and minister of the Sri Lankan traditional medicine, here this afternoon.

PRC Sends Earthquake Relief to Sudan

OW0108081490 Beijing XINHUA in English
0707 GMT 1 Aug 90

[Text] Khartoum, July 31 (XINHUA)—China provided Sudan with 20,000 U.S. dollars of aid today for the earthquakes that rocked southern Sudan in May and June.

Ahmad al-Bashir, chairman of Sudan's Salvation Revolution Command Council, accepted the money, which the Chinese Red Cross provided to Sudan's Red Crescent.

Severe earthquakes hit southern Sudan in May and June, causing extensive damage.

West Europe

Li Peng, French Visitors Discuss Daya Bay Plant

OW0208151490 Beijing XINHUA in English
1436 GMT 2 Aug 90

[Text] Beijing, August 2 (XINHUA)—Chinese Premier Li Peng met here today with Jean-Claude Leny, chairman of the board of directors of the Framatome Co. Ltd. of France, and his party.

The two sides held talks on the development of nuclear power and the cooperation in constructing the Daya Bay Nuclear Power Plant in Guangdong.

Having visited China for many times, Leny is here as guest of China's Ministry of Energy Resources this time. The Framatome Co. Ltd. is the supplier of the equipment of nuclear island of the Daya Bay Nuclear Power Plant.

After the meeting, the premier feted the French guests.

Attending the meeting and banquet was Zou Jiahua, minister in charge of the State Planning Commission.

Important British Defense Readjustment Viewed

HK0308042790 Beijing RENMIN RIBAO in Chinese
29 Jul 90 p 6

["News Analysis": "Dispatch from London" by staff reporter Chen Tean (7115 3676 1344): "Important Readjustment of the British National Defense"]

[Text] In his statement on matters pertaining to defense at the Parliament on 25 July, British Secretary of State for Defense Tom King announced that an important readjustment will be made in Britain's defense program for the first five years of the 1990's. The statement was widely received by the government and opposition sides in Britain. The spokesman of the Labor Party, which consistently sings a different tune with the ruling Conservative Party, was the first to praise the defense readjustment as "the first useful step toward a correct direction."

According to Tom King's statement on Britain's future defense structure, the important readjustments to be made in Britain's defense structure in the coming five years are as follows:

—In the mid-1990's, the Land Force will be cut from 160,000 to 120,000 personnel; the British troops stationed in West Germany's Rhine Region will be

reduced from the current four divisions to two divisions and the troop strength from 57,000 to about 25,000 personnel.

—The Navy and the Marine Corps will be slashed from 63,000 to 60,000 personnel and the number of escort vessels from 48 to 40 and that of nuclear-powered and diesel-powered submarines from 27 to 16, but the existing four Trident nuclear submarines will be retained as a nuclear deterrent force.

—The Air Force will be axed from 89,000 to 75,000 personnel and the number of its bases in West Germany from 4 to 2 and that of its squadrons from 15 to 9.

—The civilian staff of the three services will be dropped by 18 percent, from 312,000 to 255,000 personnel.

Meanwhile, the British Defense Secretary stressed: Britain still needs to maintain an effective "strong defense capability." He also pointed out: The proposition still needs to be consulted with the allies and will be decided by the following factors, such as the Soviet armaments cuts, the timetable of Soviet troop withdrawal from East Europe, and the progress of the negotiations between the East and the West on reductions in conventional and other weapons.

It was not accidental for Britain to readjust its defense structure at this moment. First, there has been a profound change in the European political and military situation and this is the international background of the British defense structural readjustment. The NATO summit at the beginning of this year decided to readjust its strategy so as to adapt itself to the changed situation. In fact, NATO member states have readjusted their defenses one after another. Basing itself on the grounds that "the Warsaw Pact has weakened," the British Defense Office issued a defense white book "choices suited to changes" and consequently began to make defense readjustments. A commentary of the INDEPENDENT said: As the "cold war is nearing an end and the Warsaw Pact is tending toward disintegration," Britain's "deep cut of its defense commitments to Europe is fair and reasonable."

Second creating a sound economic environment for the general election is the internal background of the current defense readjustment of the government of the Conservative Party. Tom King stressed: The government's suggestions for defense readjustments "will help reduce the proportion of defense spending in the gross national product." The next general election is still some time away but the Conservative Party and the Labor Party have set about making various campaign preparations. A few days ago, Mrs. Thatcher stressed that the economic factor is the key to the success or failure of the general election. Currently, the Conservative Party government has a hard nut to crack in extricating itself from the situation in which interest and inflation rates are staying high. Cutting defense spending is precisely a part of this effort. British analysts maintained: During the cold war

period, "the strategic overexpansion had hindered the development of our island state's economy." According to an estimate, with the defense readjustment completed, about 2.1 billion sterling can be saved a year.

Newspapers here held that the British Defense Secretary's defense statement has opened the prologue to the British defense policy readjustment and hoped that the next defense white paper will contain new advances.

East Europe

Romanian Official on Relations With PLA

OW2807063590 Beijing XINHUA in English
0605 GMT 28 Jul 90

[Text] Bucharest, July 27 (XINHUA)—The Romanian Defense Ministry today held activities here to celebrate the 63th anniversary of the founding of the People's Liberation Army (PLA) of China.

Addressing a meeting to celebrate the PLA Army Day on August 1, Lieutenant General C. Ionits, commander of the artillery of Romanian Armed Forces, said military in Romania will continue efforts to develop friendly relations with the PLA.

The general, who recently returned from a holiday in China, said the Romanian state and Army leaders hold cooperative relations with China and the PLA to be a step towards maintaining peace in Europe and the world.

Chinese military officer to Romania Chen Bingyue also delivered a speech at the meeting. Following the meeting, participants visited a picture exhibition on the development of the PLA.

Romanian President on Relations With EC

OW2707064490 Beijing XINHUA in English
0615 GMT 27 Jul 90

[Text] Bucharest, July 26 (XINHUA)—Romanian President Ion Iliescu said today he regrets that the European Community (EC) does not understand the Romanian situation.

Romania is not implementing democratization to please others, he told an Italian reporter, but because Romanians need democracy.

The EC suspended a trade and cooperation agreement with Romania on June 18 after the Romanian Government's violent crackdown on anti-government demonstrations in the capital.

Iliescu said he hopes his country and the EC will eventually find a mutual understanding.

Romania has tried every way possible to enhance relations with the European Community, he added.

The president said his country will fully open up to the world, especially to the rest of Europe.

Early this month, the Romanian Government and the EC agreed on the text of a new accord, which will be submitted to the EC for approval.

Czechoslovak Paper Hails PRC Diplomacy

OW2807013890 Beijing XINHUA in English
0054 GMT 28 Jul 90

[Text] Prague, July 27 (XINHUA)—The Czechoslovak newspaper "SVOBODNE SLOVO" today hailed in an editorial that China has recently won great victories in diplomatic field.

The editorial, entitled "A Breakthrough in Getting Rid of Isolation" said the establishment of diplomatic relations with Saudi Arabia, the resumption of diplomatic ties with Indonesia and the announcement by Japan to resume loans to China are the great victories China has made recently in diplomatic field.

The newspaper's Beijing correspondent Pavel Urban, who wrote the editorial, also said China's diplomatic offensive is continuing and it is expected that China will exchange diplomatic representatives with Singapore by the end of the year.

Pipe Organ Installed in Beijing Concert Hall

OW2707145190 Beijing XINHUA in English
1120 GMT 27 Jul 90

[Text] Beijing, July 27 (XINHUA)—A pipe organ has been installed in the concert hall here by technicians from the Czech and Slovak Federal Republic.

An installation ceremony was held this afternoon at the concert hall. More than 100 people, including Chinese officials and musicians, and Borivoj Cuda, Czech and Slovak ambassador to China, attended the ceremony.

The pipe organ was made in the Czech and Slovak Federal Republic.

Li Delun, leading conductor and vice chairman of the China Musicians Association, thanked the Czech and Slovak technicians, saying that their work has not only created valuable conditions for Chinese musicians, but also contributed to the friendship between the peoples and artists of the two countries.

The pipe organ will greatly enrich the programs of the concert hall.

Chinese Restaurant Opens in Prague

OW0208042590 Beijing XINHUA in English
0141 GMT 2 Aug 90

[Text] Prague, August 1 (XINHUA)—The Prague-Hangzhou Restaurant, located in the scenic bank of the Vltava River, started business here today as the first joint venture between China and Czechoslovakia.

Present at the inauguration were over 100 guests from all circles in Czechoslovakia, including Iven Havel, one of

the Civic Forum leaders, Czechoslovak First Deputy Foreign Minister Robert Harencar, Prague Mayor Jaroslav Koran, as well as Chinese Ambassador to Czechoslovakia Wang Xingda.

The total investment in the restaurant is 5 million korun (about 300,000 U.S. dollars), with 51 percent of shares held by the Czechoslovak side.

With five Chinese cooks and an area of 260 square meters, the restaurant can house 82 customers.

Political & Social**Deng Reported Actively Pressing Open Policy***HK0308022390 Hong Kong SOUTH CHINA
MORNING POST in English 3 Aug 90 p 12*

[By Willy Wo-Lap Lam]

[Text] The senior leader, Mr Deng Xiaoping, has issued personal directives on the development of Shanghai and the strategy for expanding national research into high technology.

Chinese sources said the patriarch, who turns 86 this month, had recently been actively involved in policy making. For the past month, Mr Deng has been seeing visitors on a regular basis both in Beijing and in the North China seaside resort of Beidaihe.

The sources said Mr Deng's ideas were behind a recent decision by the Standing Committee of the Politburo to adopt a "sliding policy" towards Shanghai, allowing the metropolis to enjoy priority in terms of the allocation of resources and freedom to attract foreign investment.

Mr Deng, who first conceived the idea of the Special Economic Zones (SEZs) in 1979, said Shanghai should benefit from "special treatment" at least on a par with the SEZs.

"Since the beginning of the policies on reform and the open door, the SEZs have been well run," Mr Deng reportedly told an internal meeting.

"But we have been a bit late in opening up Shanghai, and since we are already late, we must work on this as early as possible."

In addition to the 50 billion yuan (HK\$82.5 billion) and US\$10 billion (HK\$78 billion) promised for the development of Shanghai, including its Pudong new zone, Beijing will allow Shanghai to promulgate special policies to attract foreign investment.

Mr Deng said he was confident such a "sliding policy" would not exacerbate the gap between Shanghai and the hinterland.

"The national situation demands that coastal cities, including metropolises like Shanghai, have faster development," Mr Deng reportedly said.

"It is also a national requirement that hinterland areas will be allowed a faster pace of development at a later time."

The patriarch said that while the goal of the reform and open door policy was "getting rich together", it was not practical for all districts in the nation to become wealthy at the same time.

He added that fast-track development along the coast would set off a "ripple effect" that would bring benefits to other parts of the nation.

"At the present stage, it is possible that the party Central Committee will ask hinterland areas to base their open and development policies on the development of the coast."

Western diplomats in Beijing said Mr Deng had stepped up his activities to ensure that the open door policy he had started a decade ago would continue intact.

In recent months, party conservatives had attacked the coastal policy on the grounds that it caused "imbalances" in the national economy and widened the gap between different regions.

Chinese newspapers yesterday also highlighted the instructions Mr Deng gave on the development of science and advanced technology.

"Many countries in the world are laying down development plans for high technology," Mr Deng said. "The next century will be a century for high technology."

"China should develop its high technology to be able to take its rightful place in this arena in the world."

Yuan Mu Interview With Japanese Journal*HK0308093690 Beijing RENMIN RIBAO in Chinese
1 Aug 90 p 4*

[XINHUA report: "Yuan Mu Interviewed by Japanese Reporter on China's Current Political, Economic, and Diplomatic Affairs"]

[Text] Beijing, 31 Jul (XINHUA)—Yuan Mu, spokesman for the State Council, accepted an interview by Kazuhiko Mitsumori, chief of the Beijing Bureau of the "JAPAN ECONOMIC JOURNAL" here on 28 July, answering his questions regarding China's current situation in political, economic, diplomatic, and other areas.

When asked when the Seventh Plenary Session of the 13th CPC Central Committee will be held and what will be discussed at the session, Yuan Mu said: The Seventh Plenary Session will be convened later this year, but the Central Committee has yet to formally discuss and decide the specific date. It will depend primarily on the maturity of the preparations for and formulation of the Eighth Five-Year Plan and the next 10-Year Development Program. This is to say that the Five-Year Plan and the 10-Year Program will be the session's central topic.

Yuan Mu said: This topic itself indicates the increasing political, economic, and social stability in China. It shows that the party and the government will strive to rally the whole party and nation to achieve the set goals of the four modernizations and the reform and open policy. Therefore, it will be "a forward-looking session."

Explaining why China needs to combine the Five-Year Plan with a 10-Year Development Program, Yuan Mu said: Years of experience have shown that it is not enough to foresee issues for merely five years in drawing up medium- or long-term development programs for the

national economy. On the one hand, some big projects cannot be completed in five years. On the other hand, economic development is a continuous process. Thus in drafting the five-year plan, the longer prospects of economic development need to be taken into account. This is why China must take the development trends of the next decade into account, centering on the Eighth Five-Year Plan. The 10-Year Program provides only a framework, but the Eighth Five-Year Plan will consist of the details. However, the two will be closely integrated.

Asked about the Eight Five-Year Plan's basic objectives and priorities, and China's future economic growth rate, Yuan Mu replied: This issue will be viewed from two aspects: the long-term set goals we have to attain, and the realistic situation and possibilities for economic development.

He said: As one step toward the four modernizations, the next goal of China's economic development is to double the present GNP and ensure a reasonably well-off living standard for the people by the end of this century. This goal, which is realistic and is in accord with the nation's situation, can be achieved as long as sufficient efforts are made. A five-to-six percent growth rate in the national economy during the next Five-Year Plan period and the decade will be enough to achieve this goal, according to studies made by the State Planning Commission and other macroeconomic administration departments along with economists. Thus, the Eighth Five-Year Plan, which is being drafted, will probably fix the growth rate at around six percent.

And in view of the actual economic situation, he said, the economic readjustment and reform, which began in the fourth quarter of 1988, is gradually accomplishing its objectives. The overheated economy and hyperinflation have been brought under control, with inflation for the first six months this year at 3.2 percent and the figure for the latter half of the year to be kept to a single digit. Meanwhile, agriculture is doing fine, and industrial production is picking up. The set growth figures of four percent for agriculture and six percent for industry will be achieved this year, if no unforeseen difficulties arise.

Yuan Mu went on to elaborate on the targets and priorities of the Eighth Five-Year Plan with regard to five aspects:

First, China will strive to consolidate the achievements of the economic readjustment and reform made in the past year or more, to guarantee sustained, stable, and coordinated economic development. The greatest efforts will be made to giving priority to restructuring the economic setup, smoothing out economic relations, and enhancing economic results while maintaining an appropriate growth rate, and not overemphasizing them, so as to achieve a beneficial economic cycle and sound economic development.

He said: China will continue economic readjustment and reform in the first year or two of the Eighth Five-Year

Plan to resolve existing, deep-rooted economic problems, as well as new ones. Special attention will be paid to preventing a recurrence of economic overheating or excess demand over supply to lay a more solid foundation for the national economy.

Second, agriculture will continue to enjoy preferential policies so that this foundation of the national economy can be further strengthened. To this end, the state will continue to increase its agricultural investment, and local governments will also spend more money on agricultural development. The peasants will also be mobilized to invest in agriculture in terms of labor and capital. At the same time, greater efforts will be made to promote rural reform and the use of more advanced farming technologies, so as to ensure a steady increase in the output of major crops, such as grain and cotton, and nonstaple crops.

Third, with regard to industrial construction, basic industries and construction of infrastructural facilities will also enjoy preferential treatment. There will be a larger percentage increase in investment in developing energy, production of raw and semifinished materials, and construction of communications, transportation, and other public facilities so as to gradually change the situation wherein the rapidly developing processing industry has substantially outpaced basic industries and infrastructural construction.

Fourth, under the prerequisite of maintaining an appropriate growth rate, all-out efforts will be made to change the present system of extensive management to one of intensive management. Achieving better performance will be the focus of economic construction and economic management as a whole.

Fifth, the achievements of all the objectives mentioned above must depend on further deepening reform and continuing to open to the outside world. Efforts to deepen reform in the next five years will focus primarily on two areas. First, we will continue to deepen enterprise reform and properly handle the relationship between the state and enterprises to reinvigorate the enterprises. Second, we will improve the system of macroeconomic administration and do a better job in using economic adjustment and control measures to strengthen macroscopic control. This includes further reforming the planning, fiscal, banking, and commodity price systems.

Yuan Mu said: While continuing to open to the outside world, China will continue to carry out the strategy of promoting economic development in coastal regions and do a good job in building the open cities and economic development zones in coastal areas. We will make use of coastal regions' favorable conditions and advantages and improve their investment environment to attract more foreign capital and develop an export-oriented economy. Relevant departments of the Chinese Government have the responsibility to help foreign businessmen understand the policies of investing in China.

Yuan Mu said: While further improving the open cities and regions during the Eighth Five-Year Plan, one priority is to construct the Pudong Development District in Shanghai. But unscrupulous, reckless development will be discouraged.

Yuan Mu said: The allegation that China has retreated from reform and opening to the outside world is a misunderstanding or a misinterpretation. China will not, nor will it be able to, go back to the previous state wherein the economy was overcentralized and rigid and the country was closed to the outside world. China's reform and opening up are designed to consolidate and improve the socialist system and bring about continuous development of productive forces. No matter what people say, we will proceed along our charted course under the set policies.

Kazuhiko Mitsumori asked: Will Premier Li Peng visit other Asian countries when he visits Indonesia in early August? Will China and Singapore establish diplomatic relations in the near future?

Yuan Mu said: Thus far, I have not learned that Premier Li Peng will visit any other Asian countries, but of course I cannot rule out this possibility. He said: Both China and Singapore are making active preparations for the establishment of diplomatic ties. Prime Minister Lee Kuan Yew recently told the press that he hoped Singapore would establish diplomatic ties with China in the next two to three months. We welcome this message very much. Singapore is our friendly neighbor. Although there are no diplomatic relations between our countries at present, friendly exchanges and economic and trade relations are growing. When the two countries establish diplomatic ties shortly, as expected, their friendly relations will further develop in a manner conducive to peace and stability in Southeast Asia and the rest of Asia.

Kazuhiko Mitsumori asked whether there will be heads of state and heads of government of other Asian countries in Beijing to attend the opening ceremony of the Asian Games. Yuan Mu said: The Asian Games will be a grand sports meet of Asian countries that will promote solidarity, progress, and friendship among Asian peoples. According to my estimate, many distinguished guests and possibly heads of state and government from Asian countries will come to China to attend the opening ceremonies.

When asked whether China has invited President No Tae-u of South Korea to Beijing to attend the opening ceremonies, Yuan Mu said: I have not heard of such a plan.

Yuan Mu said there are people-to-people relations, including some economic and trade contacts, between China and South Korea, but there are no formal official relations between the two sides.

Kazuhiko Mitsumori persisted: Will China have official contacts with South Korea? Yuan Mu said: When we consider and handle our relations with North and South

Korea, we always establish our footing on promoting peace and stability on the Korean peninsula and promoting Korea's peaceful reunification through mutual consultations between both halves of the peninsula. I personally believe that, along with the growth of economic and trade relations between China and South Korea, commercial agencies might be set up on each side, but such agencies can only be nongovernmental.

When asked whether China will send officials to Japan to take part in Emperor Akihito's coronation, Yuan Mu said: China and Japan are friendly neighbors even though there was an unpleasant period in recent history. However, mutual relations have been developing very smoothly after the official normalization of diplomatic ties between the two countries. Following the "June 4th" incident last year, relations between the two countries were affected by certain things we did not want to see. But these things are gradually passing, and the prospects for the development of bilateral relations are good. He said that China will definitely send high-ranking officials appropriate to the relations between the two countries to Japan to attend Emperor Akihito's coronation, but it has not yet been decided who will go.

Commenting on the economic sanctions Western countries imposed on China following the "4 June" incident last year, Yuan Mu said: First of all, these economic sanctions are essentially political sanctions and are utterly unjustifiable. We are resolutely opposed to them.

Second, although the economic sanctions have brought China certain temporary difficulties, we can fully overcome them with our own strength. Thus the sanctions will not seriously affect China's economic development.

Third, while the sanctions have caused China certain difficulties, they have also adversely affected those who imposed them. Thus, I believe these sanctions cannot last for long, even though they will not be completely lifted very soon.

Yuan Mu said: Judging from the outcome of the recent Group of Seven summit meeting, the so-called sanctions have been somewhat relaxed, but these countries have not yet taken any major step in this regard. We hope they will take bigger steps. We have particularly noted that the Japanese Government has adopted a relatively positive stand on easing the sanctions. We appreciate this. We also hope the Japanese Government will act as quickly as possible to implement the agreement on the third group of yen loans to China.

Repudiating Notion of Ambiguities in Socialism

*HK0208132490 Beijing RENMIN RIBAO in Chinese
30 Jul 90 p 5*

[Article by Xu Zhengfan (6079 1767 1581): "Who Says Socialism 'Cannot Be Clearly Explained?'"]

[Text] **Spreading the "Theory That Socialism Cannot Be Clearly Explained" Has a Very Distinct Political Purpose**

In the history of ideology, nothing has demonstrated such enormous power in understanding and changing the world or won the heartfelt support of hundreds of millions of people like the Marxist theory of socialism. What is socialism? What essential characteristics does it possess? These questions have been thoroughly worked out both in general and in essence. A number of works by the founder of Marxism and his followers which have been handed down from generation to generation, and the rich experience of practicing socialism over the past 70 years, have furnished a correct and definite answer. However, it is really surprising that not long after assuming office (in January of 1987), a principal party leader spoke at an important meeting: "In referring to the 'four cardinal principles,' we need only pay attention to the leadership of the party. No one can state clearly what the road of socialism is. We should not talk too much, or even at all, about it." A communist party member, moreover, one holding an important post, wagging his tongue too freely like this, went so far as to make these ridiculous, mandatory remarks. Was this an absurdity?

If one person sets the keynote, others will come out and chime in with him. During those days, we often read in newspapers and heard from platforms how the "elite" clearly directed their spearhead at the "theory that socialism cannot be clearly explained," chanting glibly: "The most striking problem concerning socialism is that we do not know what it is, we do not know how to give it a definition, and the superiority of public ownership is not clear"; the theory of socialism initiated by Marx "is vague and unclear, some viewpoints are from utopian socialism and many viewpoints are invented patterns...which resulted in the appearance of an abnormal history over the past 36 or 37 years, namely, shadowy fantasies such as correct targets"; "upholding the socialist road will do nothing but lead our country down a blind alley"; and "China must give up socialism and follow the road of capitalism." If these remarks are allowed to spread unchecked, they will run rampant and result in a major disaster.

—If Marxism, which takes socialism as its "flag" and "core," cannot clearly explain it, is it not then a muddled theory of no scientific value?

—If the Communist Party—which takes the realization of communism as its target—cannot understand socialism, which is the first stage of communism, how could it mobilize, organize, and lead tens of millions of its members and 1 billion people to strive for a goal which cannot be clearly explained?

—If communist cadres—who are determined to work for the realization of communism all their life—are not aware of socialism and communism, a goal which they resolutely strive for, are they then nothing but blunderers who have no consciousness and know nothing but to follow blindly?

Nor is this all. According to the conclusions drawn by the "theory that socialism cannot be clearly explained," the practice of socialism followed by the Soviet people for more than 70 years since the birth of Soviet Russia, and the practice adopted by the Chinese people for more than 40 years since the establishment of the PRC, has become a mess, a "history of falsehood" and a "false history." Does this play a supporting role of tacitly acknowledging what the West has endlessly talked about, that "Marxism is bankrupt" and "socialism has failed"? Does this produce the most direct proof of the slogans "bid farewell to the past" and "resolutely switch track" chanted by dissidents abroad and those engaged in bourgeois liberalization at home?

Obviously, the "theory that socialism cannot be clearly explained" is one that mocks Marxism, tramples on communist political parties, and dampens the enthusiasm of the broad masses of people who are opening up the road to building socialism. No doubt this "theory" leads to the negation of the scientific power of Marxist socialism, the negation of the authority of leadership by communist political parties, and the negation of the chain reaction of class consciousness of socialist revolutionaries and builders. The harm of the "theory" is clear enough and should in no way be underestimated.

Scientifically Repudiating the "Theory That Socialism Cannot Be Clearly Explained" Is a Necessity in Upholding the Socialist Road

To scientifically repudiate the "theory that socialism cannot be clearly explained," we must lead vast numbers of cadres and the broad masses of people to conscientiously study the basic theories of socialism. In particular, to lead them to develop and deepen their understanding of the essential characteristics and fundamental principles of the socialist system, solve some problems in depth, and further clarify and solidify the orientation of the struggle, it is imperative for us to have an even better grasp of the scientific socialism of Marxism. Why is it imperative for us to have a better grasp of the scientific socialism of Marxism, not that variant "socialism" with the seal of the bankrupt Second International which is regarded as social democracy today? This is because the former clearly shows us the orbit of exploring the way in carrying out socialist construction while the latter leads people astray, even forfeiting what socialism has achieved. Lenin said: "With regard to all his theories, Marx applied the most thorough, complete, careful, and rich theory of development to observe and study modern capitalism. Of course, he also wanted to apply this theory to observe and study the forthcoming bankruptcy of capitalism and the future development of communism." ("Collected Works of Lenin," second Chinese edition, Vol 31, p 80) Lenin emphatically pointed out: The basis provided by Marx for the future development of communism is: "Communism is born of capitalism, which has developed from capitalism historically and is the result of that social force generated by capitalism. Marx wanted neither to create a utopia nor to imagine out of

the void something which cannot be known. Marx initiated the question of communism just as a scientist engaged in natural science advances the question of the development of a new variety of a living thing, because he already knows how the new variety will come into being and in what direction it will develop." ("Collected Works of Lenin," second Chinese edition, Vol 31, p 81) It is clear that Marx's understanding of future communism and its first historical stage of development, socialism—that is to say, his understanding of "what is communism," and "what is socialism"—is in no way a rhapsody coming from his study, but a scientific observation and foresight based on reality; and a correct conclusion drawn from historical facts and the process of historical development. He "discovered a whole new world criticizing the old." ("Collected Works of Marx and Engels," first Chinese edition, Vol 1, p 416) While studying the capitalist mode of production and the historical development of the contradictory internal forms of social organization which adapt themselves to the capitalist mode of production, he pointed to "the only real way toward the disintegration and pattern change of the capitalist mode of production." ("Capital," French edition published by the China Social Sciences Publishing House, Vol 1, p 501) When making a careful analysis of conditions of modern production which are present in the embryo of capitalism and are entangled with the hired labor relations, he brought to light the new social form suited to such conditions of production.

The basic Marxist theory of scientific socialism, and particularly today's scientific effectiveness and value of the essential characteristics and fundamental principles of the socialist system expounded by Marx, have been affirmed with assurance. Any attempt to negate the scientific power of socialism by applying the "theory that socialism cannot be clearly explained" is hard to justify. When justly and forcefully affirming the basic Marxist theory of socialism and the essential characteristics and fundamental principles of the socialist system, we should make vigorous efforts to oppose the erroneous tendency of quoting certain conclusions and a few isolated words and phrases as dogma to distort reality and to judge what happens in daily life. Meanwhile, while repeatedly declaring that it is necessary to respect, listen to, accept the tempering and test of, and absorb nourishment from practice to increase vitality—which are all contained in Marx's scientific socialism and are determined by its theoretical features—we should also resolutely oppose the erroneous tendencies of arbitrarily quoting a particular area of practice and wantonly exaggerating a certain experience and lesson, dealing with the basic Marxist theory of socialism with a revisionist approach and attitude of bourgeois liberalization, and wilfully proclaiming the "bankruptcy," "obsolescence," and "withering away" of socialism. We should make every effort to completely and accurately hold the vivid, concrete expression of Marxist scientific socialism found in general and under different circumstances and conditions. It must be said that our party has achieved gratifying

results in this respect. How our party elucidates the essential characteristics and fundamental principles of the socialist system is based on the Marxist theory of scientific socialism and the scientific practice of socialism in the 20th century. We maintain that the most important points of the essential characteristics and fundamental principles of the socialist system are:

- The proletariat leads and unites the broad masses of laboring people to overthrow the rule of the bourgeoisie, replace the dictatorship of the bourgeoisie with the dictatorship of the proletariat or the people's democratic dictatorship, consolidate and develop the alliance of workers and peasants, establish a broad united front, gradually develop a high degree of democracy among the people, and exercise dictatorship over the resistance and hostile forces of exploiting classes, which account for the considerable minority of the population;
- To establish the socialist relations of ownership with public ownership as the main body, and gradually replace the capitalist private ownership system with the socialist public ownership of the means of production in the light of the development of productive forces;
- To establish the socialist distribution system with the general principle of "to each according to his work" as the principal part, replace step by step and in the light of the development of productive forces all distribution systems which give expression to exploitative relations, and achieve common prosperity for the laboring people;
- With economic construction as the central task, to develop the socialist planned commodity economy, combine the planned economy with market regulation, change anarchical conditions in production, make constant efforts to enhance the social productive forces and labor productivity, and raise the level of material and cultural life of the whole people;
- To establish the guiding position of Marxism in the ideological sphere, inherit and develop all outstanding cultural achievements created by mankind, constantly improve the ideological, ethical, and scientific and cultural quality of the whole people, and build socialist spiritual civilization;
- To promote national equality and unity and oppose national discrimination and oppression;
- To uphold the principles of foreign affairs based on peaceful coexistence, maintaining independence, and keeping the initiative in one's own hands, oppose aggressive war, oppose hegemonism and power politics, support oppressed nations and people in their just struggle, and safeguard world peace;
- The establishment, consolidation, and development of the socialist system should fall under the leadership of the vanguard of the working class—the Communist

Party which is armed with Marxist theory, organized in accordance with the principle of democratic centralism, maintains close ties with the masses of the people, and makes criticism and self-criticism.

"What is socialism?" In compliance with the Marxist theory of scientific socialism and its understanding of the practice of carrying out the socialist movement, and especially viewed from the practice of building socialism with Chinese characteristics, socialism, in general, contains the aforementioned contents. Of course, the realization of those essential characteristics and fundamental principles of the socialist system should undergo a considerable length of historical development, and the form and degree of the realization may differ in different countries and in different stages of development. Upholding and developing those essential characteristics and fundamental principles means upholding and developing scientific socialism, and can give fuller play to the superiority of the socialist system.

Gaining Sound Understanding of Socialism Represents a Historical Process

We fully recall: Marx and Engels stated time and again that they did not put forward a permanent scheme for non-capitalist society which is different from the present society; they regarded socialism as a changeable and reformable society and did not agree with viewing it as an immutable thing. In the second year after the victory of the October Socialist Revolution and establishment of the first proletarian dictatorship, Lenin once again stressed: A new society remains an abstract thing, and it will not appear unless different kinds of incomplete attempts to establish a certain type of socialist country are made. (At that time, the views of Rosa Luxemburg were almost the same as those of Lenin. In her book "On the Revolution in Russia," she described socialism as a "virgin land" and maintained that there was not any ready-made scheme for the socialist system, pointing out: "Our program only has some major principles, which show clearly what measures should be adopted in accordance with a certain direction"; "Only experience can correct and open up a new road for active and creative socialist revolutionary work. Only a tempestuous life can make people think of tens of thousands of new forms and new ideas, and can emancipate creativeness.") In 1961 Comrade Mao Zedong pointed out again: "We have understood socialism a little, but we have not been too clear about it. We learn while building socialism. Only by practicing it can we gain experience in socialism; 'No one learns how to give birth and then gets married.'" ("Speech at the Second Lushan Conference on 23 August 1961") Since the Third Plenary Session of the 11th CPC Central Committee, in accordance with the general principles of socialism and China's practical experience, Comrade Deng Xiaoping clearly expounded time and again and on different occasions, the aforementioned essential characteristics and fundamental principles of socialism. At the same time, he also said: "What is socialism? What is Marxism? We did not understand the issue with sober-mindedness in the past." ("Build

Socialism With Chinese Characteristics," by Deng Xiaoping) These remarks of Mao Zedong, Deng Xiaoping, and other leading comrades all refer to the "past." In a realistic way, they point out that we did not thoroughly understand socialism; we committed various careless errors, and insufficiency and deviations in the form of such expressions as "not being very clear about it" or "not being clear about it at all." The main reasons are that the practice of socialism is far from sufficient or deep, or the theory of socialism is far from being rich or developed.

In a word, first we will make sure that we are clear about the issue of what socialism is if we analyze and evaluate it with the Marxist world outlook and methodology. To put it precisely, we can say that we are basically clear about it. Then, we should admit that we are not quite clear about it. In saying that we are basically clear about the issue, we refer to general, fundamental, and essential aspects. In saying that we are not quite clear about it, we refer to the aspects of certain concrete manifestations of essential characteristics and fundamental principles, and a certain part and detail of particular levels and aspects of the economic base and the superstructure. For example, with regard to socialist economic features, Comrade Xiaoping said more than once: First, we should insist on taking socialist public ownership as the main body; second, we should uphold the general principle of "to each according to his work" and the principle of achieving common prosperity, and should resolutely avoid the appearance of a polarization of rich and poor. We must be very clear and should not be vague on these main points. However, in the primary stage of socialism, there are some concrete expressions of these main points, for example, the relations of diverse forms of ownership with public ownership as the main aspect. In a brief space of time, it is impossible for us to see clearly how "diverse" ownership forms should be, to what scale and level each of the "diverse" forms of ownership should develop, and what the concrete relationship is between each of the "diverse" forms of ownership and public ownership, which acts as the role of main body. Answers to these questions can only be obtained after we gradually practice socialism in a thoroughgoing way. For anyone who has the consciousness of socialism, such a momentary and partial lack of understanding will in no way shake his absolute and firm confidence in the socialist economy; nor will it hamper his efforts to strengthen and improve socialist public ownership in various ways.

The essential characteristics and fundamental principles of the socialist system expounded by the founder and inheritors of Marxism summarize the innate character of socialism and communism; all social systems which are named after socialism, provided they do not sell horse-meat as beefsteak, inevitably possess those essential characteristics and follow those fundamental principles. The essential characteristics and fundamental principles of the socialist system, however, are certainly varied and colorful, and have different distinguishing features in

different countries and different historical periods; builders of socialism are required to make constant efforts to explore and practice, and deepen their understanding in the process of exploration and practice. To sum up, we should continuously develop and deepen our basic understanding of the general, fundamental, and essential aspects of socialism; we should also continuously try to understand what we are not quite clear about in the forms and details of partial and concrete expression while undergoing practice and constantly reviewing fresh experience. It is a historical process to gain a basic understanding and then a complete understanding of socialism. As long as we know how to deal with new realities and rely on new practical experience, raise our study and application of the Marxist theory of scientific socialism to a new level, and enhance the practice of building, reforming, and improving the socialist system to a new level, we will certainly be able to make constant, new progress and new breakthroughs in understanding socialism and upholding the socialist road. History has proven and will continue to prove this point. The socialist system will become mature from being immature, and perfect from being imperfect, and understanding of the socialist system will go from being basically clear to being completely clear. All this constitutes historical necessity.

CHENG MING Updates Zhao Ziyang Case

HK0108135090 Hong Kong CHENG MING in Chinese
No. 154, 1 Aug 90 pp 6-8

["Notes on a Northern Journey" by Lo Ping (5012 0393):
"Zhao Ziyang's Practical Situation"]

[Text] "Zhao Ziyang will resume work."

"Deng Xiaoping has recently met and talked with Zhao; Deng wants Zhao to resume work."

"Zhao Ziyang will be sent on an inspection tour of the nation to do some investigation and research."

This is hearsay from Beijing, and very vivid at that.

According to news, the rumors have also spread overseas and become hot topics in the press. Some of the media have even said that Zhao would stage a comeback as national CPPCC chairman, and there was the possibility of him resuming the premier's office, and so on and so forth.

Whether true or false, these sayings at least reflect the universal concern on the mainland, overseas, and the world over, for the handling of Zhao Ziyang's case and his fate, and the hope that the enlightened school will replace Li Peng, Yang Shangkun, and their ilk. To discover the truth, and to provide CHENG MING's readers with information of greater accuracy, I secretly interviewed several friends who have knowledge of top-echelon conditions. To my satisfaction, they were not

ambiguous in answering questions. As is my usual practice, I will not disclose their names and work units in the record of their talks that follows:

Wang Renzhong Is in Charge of Investigating Zhao Ziyang's Case

A cadre who has knowledge of Zhongnanhai said that Zhao Ziyang's case could be very complicated, and no solution could be found simply on someone's say so. The Central Committee has been very explicit in its attitude toward Zhao's case: Presently, he is still under examination! In addition, he disclosed that there has never been a special group examining Zhao's case. Both Deng Xiaoping and Jiang Zemin did not agree with setting up such a group; Zhao has been under political examination only, with Wang Renzhong taking charge. From the very beginning, Zhao has expressed his willingness to accept the party's political examination. The cadres said that it seems that some of the original charges against him could have been exaggerated. Wang Renzhong has already submitted a report on this issue to the Central Committee. Both Deng Xiaoping and Jiang Zemin have remarked that Zhao's case must be handled in a truth-seeking way, and that the practice of being leftist rather than rightist should be avoided.

The cadres also disclosed to me that Zhao Ziyang has maintained his living standards and that he has been allowed to read relevant documents since last February or March.

"Zhao Ziyang's Case Actually Was Not That Serious"

A military cadre told me: "The Central Military Commission leadership has recently been vigilant against rumors in society, as they will affect the army's stability. The Central Military Commission stressed that a small number of soldiers had not been careful during their talks with reporters. In some articles, for example, they seemed to sing the praise of the army in 'quelling the rebellion,' but in actuality they were not, as many military secrets had been revealed in articles. The leading comrades were very much annoyed. For this, two JIEFANGJUN BAO reporters have been given the sack!" In addition, he mentioned the booklet "A Day Under Martial Law" printed and circulated by Liberation Army Literature and Art Publishing House, saying that Yang Baibing and his men believed that the booklet's essence was questionable and issued an order banning its circulation. (Editor's note: This journal has given a brief on the essence of the booklet in question.) According to his own analysis, the military cadre believed that Zhao Ziyang's problems would never be that simple; otherwise, they would not have deployed all those troops to Beijing!

A cadre of an administrative organ told me that in reviewing things today, he found that Zhao Ziyang's case was actually not that serious. At least Zhao had not personally or directly participated in or manipulated the student movement. It was said that some of the personnel around him had serious problems, but that Zhao

should not be "held responsible" for that. Several personalities in the CPC leadership core have made internal statements regarding the handling of the case.

"Hearsay as Such May Not Be Reliable"

Hearsay held that Deng Xiaoping sent personally for Zhao Ziyang and exchanged views with him. Deng opened his speech with: You and I are nothing but ordinary party members, and there is nothing that cannot be laid bare between us! They had a two-hour conversation and dined together. Zhao told Deng that he had been unhappy about some people's practice of declaring somebody guilty even before investigation. He then told Deng that many veteran cadres, including Deng himself, had been persecuted just like that during the Great Cultural Revolution.

Other rumors say that Deng Xiaoping asked Zhao Ziyang whether he would resume work. Zhao answered that he would think about it, but he was unwilling to work with Yang Shangkun, Li Peng, or Wang Zhen.

I asked: "Have you ever heard about these things?" The cadre said that such rumors might be inaccurate. "As far as I know, Deng Xiaoping did actually meet Zhao Ziyang, but not that recently. Those who spread hearsay would often throw in their own ideas, and as it went farther, it became legend; consequently, the leading cadres of some organs could make neither head nor tail of the hearsay or tell whether it was true or false."

Chen Yun's Opinions on Handling Zhao Ziyang's Case

The cadre of an administrative organ said: "Several central leading comrades have recently stressed the need to fight against those spreading rumors. Sometimes reporters would write articles for internal reference based on hearsay, which would only add confusion to our busy routine and end in creating confusion in people's minds. I believe that such a state of affairs will be changed."

I knew that this cadre had closer ties with people on Chen Yun's side, and posed a question of universal concern while realizing that a satisfactory answer would be out of the question: "What are Chen Yun's opinions on handling Zhao Ziyang's case?"

He said: "On a particular occasion toward the end of June, Comrade Chen Yun listened to a report on Zhao Ziyang's case. Comrade Chen Yun expressed his views clearly as follows: 'Regarding Zhao Ziyang's case, first it is necessary to be truth-seeking; second, it is necessary to refrain from acting impetuously; and third, we should refrain from elevating his problems to the higher plane of principle, and things should be reviewed as they were. Only then will it be favorable to the stability of the general situation.'"

Could Chen Yun's words be sincere, or merely "official jargon"? Logically speaking, in Chen Yun's biased eyes, Zhao Ziyang's actions have been questionable.

"Zhao Ziyang Was Accused of 37 Charges, But Are Any Not Unfounded?"

With complaints, a provincial-level cadre who was removed from office in the wake of the 4 June Incident said: "I have said that Zhao Ziyang could never have been a behind-the-scenes backer of the student movement; isn't that true? Now they have made a thorough investigation, and what have they discovered? Zhao Ziyang was accused of 37 charges; have any had any foundation? Does resorting to intimidation and fraud work nowadays?" In addition, he disclosed: "By no means does Zhao Ziyang's case concern himself only. He has created such strong opponents, with so many cadres involved, how can his problems be so easily written off? Although Deng Xiaoping has recently thrown in a few words for him, other old guards are still against him! They will stick to their views even when they know they are in the wrong; otherwise, would it not mean negating themselves? In a nutshell, there is little democracy to speak of inside the party; only a few have a say. That is playing a joke on the people's interests and the state's future! They are only concerned about face-saving, puffing themselves up to their own cost."

"Should the Situation Become Unstable, Charges Against Zhao Will Be Escalated"

It seems that Deng Xiaoping has come to see that the charges against Zhao have been false, or at least exaggerated. But some of the octogenarians will not let go of Zhao Ziyang. That was the "common understanding" shared by the several of the people that I interviewed. A veteran cadre said: "Zhao Ziyang's case has basically been clarified; the problem is that some old comrades cannot take it! They deployed so many troops and ended up with so many people being slaughtered; they have to make Zhao Ziyang a scapegoat and bring him before the public." He added: "There are some problems as well as personal foes in his case; therefore, a hasty solution won't work. The current central, general policy is to grasp stability and let some problems become gradually phased out during stability. Should there be instability at home, with the resurfacing of turmoil, the charges against Zhao Ziyang will escalate."

Grave Differences Inside the Party, Endless Disputes Between the Two Factions

"There are presently two hot topics inside the Party, the first being the fight between the two Li's (Li Peng and Li Ruihuan) and the second being Zhao Ziyang's case, with grave differences and endless debates going on inside the Party." This remark was made by an intellectual who has ties with the top echelon. He added: Deng Xiaoping and Jiang Zemin are for seeking truth from facts and appropriately handling Zhao Ziyang's case from the plane of China's overall situation. A number of political octogenarians represented by Yang Shangkun and Li Peng, however, do not buy such an idea on the grounds that even if Zhao Ziyang's case were clarified, he is still guilty of openly splitting the Party and standing on the side of turmoil in his behavior; moreover, he was the general

secretary at that time, and should never be allowed to get away with it! Some personalities who had been under political pressure from Zhao Ziyang, such as Hu Qiaomu, Deng Liqun, and Xu Huaicheng, are now running around on sinister errands, lobbying certain political octogenarians to do their best to impede leniency in handling Zhao's case. Deng Xiaoping has knowledge of their workings but supported Jiang Zemin's view, which means in essence to shield Zhao from going through the ordeal.

Wang Zhen Lectured Deng Liqun: What Can I Do If Deng Xiaoping Has Chosen To Shield Him!

In addition, he disclosed that because Deng is inclined to shield Zhao Ziyang, some political octogenarians have changed their tone. Wang Zhen lectured Deng Liqun, saying: "What can I do if Comrade Xiaoping has chosen to shield him! If you have complaints you can go straight to Beidaihe (referring to Deng's current resting place) to present your case!"

Summing up information from various aspects at the top echelons, two factions have taken shape inside the Politburo with regard to Zhao Ziyang:

One faction, consisting of Jiang Zemin, Wan Li, Tian Jiyun, Li Ruihuan, Yang Rudai, Wu Xueqian, Qin Jiwei, and Song Ping, is for handling Zhao Ziyang's case in a truth-seeking way.

The other faction, consisting of Yang Shangkun, Li Peng, Yao Yilin, and Li Ximing, firmly oppose writing off the charges against Zhao.

There are more people in the first faction, but the other faction has control over the army, the police, and government departments, is stronger than the first and thus tougher in tone. At a recent routine Politburo meeting, Li Peng toughly remarked: We shall not discuss Zhao Ziyang's case presently. Should his case be improperly dealt with, a great number of people will be hurt, and that would be detrimental to inner-party solidarity.

The Conservatives Have Greater Strength; There Is Little Hope That Zhao Will Resume Work in the Foreseeable Future

There are also the middle-of-the-roaders, who have adopted an attitude of watching in safety while others fight. Although they lean a little toward Jiang Zemin's side, they worry that Yang Shangkun and Li Peng will attack them.

A fight centering around Zhao Ziyang's case has already begun inside the Politburo, but to date it remains a see-saw battle, neither side enjoying an overwhelming supremacy.

Based on all interviewees' understanding, it follows that the answer to whether Zhao Ziyang will resume work can only be: Not in the foreseeable future. "Bao Tong is still being kept in Qincheng Prison, the examination of Zhao's case is still under way, Yang Shangkun, Li Peng,

and their ilk are still trying their best to pin down Zhao Ziyang, and the conservatives stand rather firmly. Under these circumstances, rumors that Zhao will resume work are groundless; it is impossible in the foreseeable future at least."

It Is Even More Unlikely That Zhao Ziyang Will Resume the Office of Premier

All interviewees shared the same view: "It is even more unlikely that Zhao Ziyang will resume the premier's office, unless Chen Yun and Yang Shangkun die and the conservatives suffer a total defeat. Of course, even if the enlightened and the moderate factions gain the upper hand, the premier's office may not go to Zhao Ziyang in the new round of power distribution, although the possibility exists at a time like that. But if Deng Xiaoping should die before Chen Yun, such a possibility will come to naught—unless a palace coup occurs."

With the information provided by these knowledgeable interviewees, I cannot help thinking: Zhao Ziyang's case is likely to spark off a heated debate at the Seventh Plenary Session of the 13th CPC Central Committee to be held in the wake of the Asian Games. If the charge against Zhao Ziyang of "supporting the turmoil" by Yang Shangkun and Li Peng is not founded, when Zhao's case is concluded, he may make an inspection tour of the nation, doing some investigation and research as rumors have stated. His "resuming office" is possible only after a "freezing period." However, before a collapse of the conservatives, the possibility of Zhao resuming the premier's office is minimal, being next to zero.

"If Zhao Ziyang Has Survived To Date, It Is His Victory"

As the examination of Zhao's case is still under way, he now lives at Fuqiang Lane and remains restricted in his personal freedom, although there has not been any change in his living standards. His heart trouble seems to have been aggravated not long ago, which aroused the attention of the CPC leadership core. Both the conservatives and the moderates stressed that confining Zhao to bed should be avoided at all costs. He is now in better condition, and since June his personal doctor has returned to him. At the same time, the police augmented his security, and his former personal guards have returned.

When I had completed this article, a veteran journalist made known his views on Zhao Ziyang's case. He stated: "It is possible that an official conclusion will be drawn at the Seventh Plenary Session, and the case may end with nothing definite, while a circular will be issued inside the party at an appropriate time; then, after a while, Zhao will be assigned a proper position. It is still too early to discuss that now. On the one hand, it depends on the development of China's political situation; on the other, it depends on how long the Jiang Zemin structure will last. Anyway, no matter what the future holds for Zhao Ziyang, the very fact that he has survived the disaster to date is his victory."

Zhao Nanqi, Others Attend Gymnasium Inauguration

*OW0308111690 Beijing Television Service
in Mandarin 1300 GMT 28 Jul 90*

[Text] The inauguration ceremony for the Qinghe Gymnasium of the Second Artillery Corps was held today in Beijing. The gymnasium was funded by the Second Artillery Corps and built by the No. 3 Construction Company. With a total area of 10,683 square meters in floor space, the gymnasium will be used by athletes for practicing swimming and volleyball during the 11th Asian Games.

Zhao Nanqi, member of the Central Military Commission and director of the General Logistics Department; Wu Shaozu, minister in charge of the State Physical Culture and Sports Commission; Li Xuge, commander of the Second Artillery Corps; and Political Commissar Liu Anyuan cut the ribbon opening the gymnasium. [Video shows Zhao, Wu, and several others cutting ribbon]

After the inauguration, over 1,000 officers and men of the corps held a unity-is-strength singing contest to mark the 1 August Army Day and greet the Asian Games.

Asiad Rehearsals Show Shortcomings

*OW0308011790 Tokyo KYODO in English 2301 GMT
2 Aug 90*

[By Manabu Matsuse]

[Text] Beijing, Aug. 3 KYODO—With only 50 days to go before the opening of the 1990 Beijing Asian Games, Chinese authorities are rehearsing hard to step up the effectiveness of software for services and security control.

Rush construction work on facilities for the 33 main events of China's unprecedented international sports meet has almost finished, but ways to operate them may pose a problem, related sources pointed out.

With some 1,000 athletes and 3,000 staffers in attendance, the committee held a closed-door, full-scale rehearsal on Monday of 25 events at 31 facilities in the Chinese capital.

As a result, there appeared a host of shortcomings, such as malfunction of sound and communications systems at the main stadium, troubles with electronic scoreboards, air-conditioning systems, and computer operation, the sources said.

An official of the organizing committee, however, stressed, "Volunteers are rehearsing every day and preparation is perfect."

A KOREAN NEWS SERVICE reporter said it took a few hours to send a facsimile copy to South Korea.

"Facilities are first-rate but services are inflexible," he said.

Some 17,000 volunteers for such work as interpreters, computer operators and sweepers are practicing an eight-hour-a-day special training.

"The work load is heavy with speed in demand, and we are trying not to make mistakes," a student volunteer said.

"We want China to become a top-rated country," she said.

Armed policemen with automatic rifles have been on guard at the main Asiad stadium since July 29, and foreign sightseers have to go through metal detectors at the entrance.

Liu Changyi, director of the Security Department of the organizing committee, said, "After preparing for the past three years, we have started on-the-spot guard."

"The number of brutal criminal acts is on the rise in Beijing and we have to brush up our mobility to cope with any eventuality," Liu said. "The police and local citizens will be on guard around the clock during the games and there will be no worries," he said.

The Security Department has organized a special unit to cope with terrorism and obstruction.

The two-meter-tall fences surrounding the athlete village are equipped with high-voltage electric wire and armed policemen will stand every 10 meters around the whole ground.

All related facilities for the games, including airports, will be under special guard from the end of August, Liu said.

Aside from anxieties about security and organizing the games, China believes it will come out a sure winner of the event scheduled for September 22 to October 7.

Yuan Weimin, vice chairman of the organizing committee, said China will at least take the one-third of 308 gold medals at the games.

South Korea will get 60 to 90 gold medals, Japan will win some 70, and North Korea around 20, Yuan said.

China will select 600 athletes before the deadline for entry on August 22 after going through special training programs, Yuan said.

Li Furong, vice president of the Chinese Olympic Committee, said the main point in Chinese training is abiding by scientific methods and stimulating the will of athletes.

There will be bonuses of 4,000 to 5,000 yuan for each athlete winning a gold medal, compared to a 3,000 yuan bonus for the Seoul Asiad in 1986.

The amount is attractive when the monthly wage averages some 200 yuan in China.

"Expectations among Chinese people are high of Chinese athletes winning in the games," Li said. "Athletes winning in the games get both money and honor," he said.

Leaders Order Media To Boost Games, Stability

HK0308024590 Hong Kong HONGKONG STANDARD in English 3 Aug 90 p 9

[By Cheung Po-ling]

[Text] China's official mass media has been ordered to create a "congenial and harmonious" atmosphere in the run-up to the 11th Asian Games, and National Day.

Informed sources in Beijing said yesterday that the central leadership had told the mass media, the Ministry of Culture, and the Propaganda Department to pay "special attention" to their publicity work before the Games, which start on September 22, and 41st National Day on October 1.

The Chinese media have held internal meetings to brief their journalists on how to avoid negative reporting.

"The TV, radio and newspapers have been asked to give special room to those stories which demonstrate the stability and unity of the country," said a Chinese media source.

"The leaders also said the mass media were obliged to guide the public's attention to those issues which were promoted and advocated by the party.

"We have received internal instructions, issued by the Propaganda Department of the party central, which ordered journalists not to cover any news that would create negative social effects.

"It was emphasised that the press should report the bright side of society in order to consolidate domestic stability," the source said.

In the briefings, the Chinese mass media were told that they did a "relatively good" job last year during National Day, New Year and the Spring Festival or Chinese Lunar New Year.

"The publicity work on the 40th National Day was well done last year, with a display of social stability, while the performance of the press during the New Year and the Lunar New Year was also satisfactory," the journalists were told.

The 40th anniversary of the founding of the People's Republic of China was celebrated just four months after the June 4 military crackdown on student-led demonstrations for democracy. The official mass media had been urged to make efforts to boast about the achievements made under socialism in order to cheer up the depressed Chinese people.

"With the imminent advent of the Asian Games and National Day, the mass media should bear the responsibility to ensure the smooth running of the Games and create a joyful atmosphere for the public during the National Day period.

"All these tasks are crucial for the maintenance of stability. Various departments should attach importance to grasp the job in a firm, resolute and satisfactory way."

Other units under the Ministry of Culture were also reminded to carry out their mission to "let literary creation as well as art and culture prosper.

"Stability is above everything," they were told.

"Nothing can be achieved without stability. Various units should exert a joint effort to accomplish the tasks."

Observers said the instructions was apparently aimed at securing the co-operation of the mass media during the Asian Games.

For a short period during last year's massive demonstrations, official Chinese mass media enjoyed a degree of freedom, as journalists defied orders on how to report the demonstrations.

After the June 4 crackdown and political shuffle ideological education was stepped up throughout the mass media to ensure its loyalty to the party.

"The economic crisis, the growing crime rate and threats of sabotage have caused serious headaches for the Beijing government in ensuring the security of the games," said one observer.

He Jingzhi Commends Shanxi Writers, Artists

HK0308015590 Taiyuan SHANXI RIBAO in Chinese 12 Jul 90 p 1

[Report by reporters Li Du (2621 2629) and Lu Hong (7627 5725): "Acting Minister of Culture He Jingzhi Discusses the Direction of Literature and Art Creation in Shanxi"]

[Text] Promote the main melody of the times and firmly follow the socialist road. At the Second Shanxi Provincial Seminar on Television Drama With Revolutionary History as the Theme, He Jingzhi, deputy head of the CPC Central Committee Propaganda Department and acting minister of culture, clearly expounded on how to promote cultural and artistic prosperity.

He Jingzhi expressed the view that promoting the main melody of the times should become the guiding ideology of creation for literature and art workers. What is the main melody of the times? We say it is socialism. This problem should be answered from the aspects of theory, ideology, and emotion. We should affirm that going our own way, our national road, and the socialist road is the only correct way.

Some people say that this national stuff is rotten. I think this is wrong. We should strongly advocate national culture. Shanxi's performance in this regard is commendable. While some are indulging in unbridled propaganda for national nihilism, you perform songs and dances displaying your own nation, creating overwhelming admiration not only among the audience in the capital but also among foreigners. This is what we call taking an artistic stand.

It should be admitted that socialism is not an entity. It must develop in colonies [qunti 5028 7555]. After the country experienced the political turmoil of last spring and early summer, the Central Committee with Comrade Jiang Zemin as the nucleus has, as an aspect of strengthening leadership over the construction of socialist spiritual civilization, put forward the policy of "tackling economic rectification with one hand and prosperity with the other" and achieved great success on the literature and art front. It can be said that socialist countries have grown stronger after suffering setbacks. Therefore, we should advocate self-criticism and supervision in our literary and art works. Removing the rotten flesh on our body with a knife is a way to cure the disease, not commit suicide.

While promoting diversified forms and content in literature and art, we should pay more attention to creating superb works that display national characteristics, stimulate national spirit, and stir up the hearts of hundreds of millions of people. On a grand scale, we should win glory and honor for the Communist Party and boost the morale of socialism. We should persist in dedicating literature and art to the service of the people and socialism, highly develop the superb national culture, and enrich socialist culture and art. This is the unshirkable duty of writers and artists. I sincerely hope that Shanxi's writers and artists will produce more superb works needed by the people.

Liu Zhongde on Accurate Census Data Processing

OW0308114790 Beijing XINHUA Domestic Service
in Chinese 0937 GMT 2 Aug 90

[Text] Beijing, 2 Aug (XINHUA)—The State Council's Leading Group for Population Census and the State Statistics Bureau recently held a meeting in Beijing on the processing of data from the fourth national census.

Data processing for the census is a huge project involving diverse disciplines, numerous factors, and many links; it is key to the success of a census. It is particularly true of this census in which a new system has been introduced whereby data are input separately by prefectures (cities) and reported to the next higher level. This new system involves complicated procedures. In addition, the amount of data to be processed is massive. As the schedule is tight, it is essential that we organize and administer this work well.

The meeting conducted a comprehensive check on preparations made by the various localities for data processing and issued detailed rules for the work. Liu Zhongde, deputy secretary general of the State Council and deputy head of the Leading Group for Population Census, spoke. He said: Data processing is an important part of the census that involves complicated, arduous work. Whether we do our work well or not will determine the success of the census. He urged technical and management personnel involved in processing the data to have a high sense of responsibility, do their best, and see to it that this work is done successfully.

Science & Technology

Competition in World Satellite Market Viewed

HK0308051190 Beijing RENMIN RIBAO in Chinese
28 Jul 90 p 7

[Article by Tang Jinxiu (0781 6651 0128): "Heated Competition in the World Market for Satellite Launching"]

[Text] In the world's astronautics technology competition, the production and launching of applied satellites is of the greatest commercial value. Therefore, there is intense competition in the world's satellite market.

According to statistics, from 1980 to 1988, there were about 88 commercial man-made satellites moving on their orbits around the earth, and their total value was \$5.6 billion. From now to the end of this century, various countries will launch more than 200 commercial satellites with total value of \$10 billion to \$13 billion. In view of the profitable satellite launching market, the countries possessing carriers all try to bring their capacity into full use.

The United States is the world's largest astronautics power and has a strong astronautics launching capacity. Since 1981, it has successfully launched many commercial satellites. It originally planned to monopolize the world's satellite launching market with its four space shuttles. The unfortunate explosion accident of the space shuttle "Challenger" seriously frustrated the U.S. space program and caused huge economic losses to it. However, the United States did not lose its competitive power, and it has planned to carry out 57 manned flights of the space shuttles between 1990 and 1994. At the same time, the United States will also put its improved "Titan," "Delta," and "Atlas" rockets to the international satellite launching market.

Western Europe's "Ariane" astronautics company is the most powerful competitor. At present, it has four types of "Ariane" rockets, and is still developing "Ariane-5" rockets with more advanced property. Since 1981, the company has launched more than 40 satellites to space. Now, it has concluded the contracts for launching more

than 30 satellites with a total value of \$2.3 billion, which account for more than half of the international satellite launching market.

The Soviet Union has the capacity of launching on average one rocket every three days, and possesses eight types of carriers. Its heavy rocket "Energy" is able to send 100 tons of effective loads to the low-altitude orbits. Not long ago, the Soviet Government announced that its astronautics technology would be used to open the international market in order to increase foreign exchange income. This added a new impetus to the Soviet Union's competition in the astronautics field. The price the Soviet Union quotes for launching a satellite was \$24 million, which was 20 percent lower than that by the "Ariane" company. Reportedly, the Soviet Union has signed a contract with the Houston company of the United States for launching eight satellites.

Japan has also made substantial progress in producing, launching, and controlling rocket carriers and large man-made satellites.

Some developing countries, such as China and India, have entered or will enter the international satellite launching market. In April 1990, China used the "Long March 3" rocket to successfully launch a large-sized commercial satellite "Asian 1" for some foreign users. This indicated that China had also entered the international commercial satellite launching market which was always monopolized by the developed countries. French mass media pointed out: The launching of "Asian 1" was "of new significance for boosting China's prestige and commercial vistas in her satellite industry." Recently, the successful launching of "Long March 2" big-powered rocket indicated that our country's carrier rocket technology had attained a new level.

Communications System Used for Missile Testing

*HK0308053990 Beijing JIEFANGJUN BAO in Chinese
20 Jun 90 p 1*

[Report by correspondent Li Yang (2621 7122): "Commission of Science, Technology, and Industry for National Defense Speeds Up Modernization of Telecommunications"]

[Text] It was told on 5 July that the communications system of the Commission of Science, Technology, and Industry for National Defense has made major contributions to the successful fulfillment of the tasks of testing missiles and conventional weapons and launching satellites over the past 30 years. The modern three-dimensional communications network has become an important component part of the testing capacity for the development of sophisticated weapons and astronautics technology.

In recent years, the Commission of Science, Technology, and Industry set up 18 satellite ground communication stations. They can carry out the communications tasks 24 hours a day in any weather conditions without

suspension, thus ensuring the data conveyed in high-tech tests and meeting the needs in information exchanges. Beginning in 1988, they replaced the step-by-step exchangers with the program-controlled automatic exchangers, and adopted the advanced optical-fiber communication technology, the mobile communication technology, and other new technologies. They actively expanded the communication sub-networks around the testing grounds and further upgraded the property of the networks.

Pulse Nuclear Reactor Successfully Operated

*HK0308061090 Beijing CHINA DAILY in English
3 Aug 90 p 2*

[Text] China has become the second country to master the techniques needed for designing and manufacturing a small reactor known as the pulse nuclear reactor.

A spokesman for the China National Nuclear Corporation (CNNC) said the successful operation of the one-megawatt reactor—achieved on Sunday last week at a CNNC research institute—meant that China had reached new heights in the field of high-tech nuclear research.

He said China had followed the United States in mastering the techniques needed for designing and manufacturing this kind of reactor.

Installation of the reactor began in January 1987 on the basis of scientific research conducted by the corporation's No 1 Research and Design Institute in Southwest China's Sichuan Province, the spokesman said.

The work was completed at the end of last year and all the equipment had been tested by the end of January this year.

The spokesman said the pulse nuclear reactor would not cause environmental pollution and would be an ideal reactor for use in urban areas and on university campuses.

High-Tech Development Service Centers Formed

*OW0308064790 Beijing XINHUA in English
0629 GMT 3 Aug 90*

[Text] Beijing, August 3 (XINHUA)—China has set up nearly 30 hi-tech development service centers with state loans of 8.3 million yuan (nearly two million U.S. dollars), the PEOPLE'S DAILY reported today.

The centers aim to provide comprehensive services and to help develop export-oriented hi-tech products and enterprises.

One center in Wuhan has developed 13 hi-tech products in three years and helped two firms become hi-tech enterprises; another 30 companies are now being helped by the center.

The Shenzhen Science and Technology Development Center has put eight export-oriented hi-tech items into production.

Prospects for Space Technology Discussed

HK0208111990 Beijing JINGJI RIBAO in Chinese
18 Jul 90 p 2

[Article by Sun Gang (1327 0474): "Spaceflight—An Enterprise Which Has Boundless Prospects"]

[Text] It is difficult to perceive at a glance the true value of anything which is covered with some mysterious color. Take space enterprise as an example, more than 20 years ago the United States spent \$24 billion to send a spacecraft, "Apollo," to the moon, only to bring back 381 kg of rock. All at once, questions were raised at the senior as well as lower levels in the United States. Two years elapsed, the returns on the "Apollo" project brought to society increased by 100 percent, topping \$50 billion, and accusations vanished like mist and smoke.

In the contemporary world, various countries compete in developing space enterprise. More than 60 countries have carried out research on developing space technology, and over 170 countries and districts have enjoyed the fruits of space technology, while space industry has developed. In 1986, the output value of space industry in Western countries reached \$25 billion, among which the United States had \$20.1 billion; Western Europe, \$3.84 billion; Japan, \$1 billion. Even India, which has an undeveloped economy, had \$100 million.

China has just started to apply space technology, and the scope is very limited. But judging from the current use of communications satellites, meteorological satellites, and resource satellites, the economic returns are very impressive. A single communications satellite can cover one-third of the surface of the earth, and it is particularly suitable for long-distance communications and mobile communications. According to calculations, to build a communications line longer than 1,000 km, satellite communications offers the cheaper price. In 1984, China opened the long-distance communications line from Beijing to Chengdu, Lhasa, Lanzhou, and Urumqi, and if the traditional cable technology had been used, 1 billion yuan would have been spent, but satellite communications required only 100 million yuan.

China is vast, has a long coast line and varied climates, while various natural calamities occur frequently, and because of this, direct economic losses in a single year can reach 50 billion yuan, while 40 billion kg of grain can be lost. Since we've had the meteorological satellite, we have greatly reduced our blindness in preventing natural disasters. In 1981, there was a big flood, the Changjiang was in a state-of-emergency, and in order to protect the large and medium-sized cities and the important industrial facilities in the lower reach, the government decided to divert the flood in Jingjiang. The meteorological department carried out a detailed analysis of the climate

using satellite images of clouds, and suggested that there was no need to divert the flood in Jingjiang. The suggestion saved 600,000 mu of farmland from being inundated and 400,000 people from transferring, as well as a moving expense of 600 million yuan. In the area of surveying and prospecting natural resources, satellites break through the restriction of the traditional means. China has 9.6 million square km of land, and 1.3 million square km of continental shelf, which harbor rich underground resources, however, at present, only 13 percent of these areas have been crudely surveyed, and if the whole country is to be surveyed, 100-200 years are needed using the regular means, but only several weeks are needed to accomplish the task using a satellite.

There are numerous examples of the application of space technology, the bank can use it to reduce the time for transferring funds, the agricultural department can use it to estimate output, and the meteorological department can use it to forecast typhoons, etc. Space technology can play a vital role in almost every field including the social, political, military, and economic fields. Therefore, various countries in the world try their best to develop and use space technology according to their own conditions and abilities, and to make it serve economic construction. The United States and the Soviet Union rely on their scientific and economic strengths to develop in an overall manner various kinds of applied satellites; Western Europe and Japan emphasize the development of civilian satellites with great returns; Brazil and Indonesia opt for international cooperation or just import technology; India fully utilizes international aid to develop a comprehensive and multi-purpose satellite which performs the function of communication, broadcast, and meteorological studies.

China's space industry, which was built by our own strength, has become an independent system ranging from carrier tool to satellite, and from launching to monitoring, controlling and application on ground; its overall technology has reached world advanced standard. However, the standard of application is rather low; it lags behind not only the developed countries, but also behind the developing countries such as India and Brazil, and this is far from matching China's ability and status in space technology. What are the reasons? There is the problem of understanding, as well as the problem of a management system.

On the problem of understanding, some people have often viewed space technology as an enterprise which requires huge investment and which brings little in returns, "endless expenditure, good looking but not practical." They think that in a country such as ours in which the economy is not developed, it is not suitable to actively develop space technology. Responding to this, the personnel in space circles think that it is a narrow concept of input and output for general enterprises, and that it neglects the characteristics of hi-tech space enterprise. First, the returns on space technology are mainly embodied among various departments which use it, not in the space department itself; second, because of space

technology, traditional technology can be improved and transformed, but when returns are assessed, space technology is often neglected; third, judged from results, space technology creates little new in values, but embodies returns in terms of saving input and reducing losses; fourth, in the area of culture and education, its application creates long-term returns. To conclude, as an advanced tool and hi-tech means, space technology mainly embodies indirect and latent returns; at the same time, it enables mankind to broaden his perspective and to stand at a high level when understanding the world. Therefore, to look at the social and economic returns on space technology, it cannot be limited to quantitative analysis. According to information, at present, the international community usually adopts a mathematical model to express its returns. Research in the United States indicates that every \$1 of input in space technology will add \$14 to national income, and that means, the ratio of input to output is 1:14. Experts think that China, according to the result of a corresponding research, can score 1:10.

What is more urgent than solving the problem of understanding is that the management system of applying space technology in China is not that rational, and it will hinder the full development of the economic returns of the technology. Satellites and ground stations are two parts directly involved in work in the whole system of space operation; the Ministry of Aeronautics and Astronautics Industry is responsible for research on and the manufacturing of satellites, while various departments using the satellite are to be responsible for ground stations. Due to the unbalanced development of these two kinds of departments, plus the lack of a central organ for comprehensive and coordinated management, satellite energy is out of line with the scale of the ground system. On the one hand, China currently has only a limited number and variety of satellites in orbit; on the other hand, various departments using satellites have built their small-but-complete ground systems. Among these, most are duplicates which are small in scale and poor in quality, to the extent that the satellite in the sky is not matched by the system on the ground, and that the facilities in the sky cannot be fully utilized. According to the law of input and output, the launching of a satellite must be synchronous to the building of ground application system, and ground facilities should appropriately take the lead, otherwise, with either satellite or ground system available, a whole system cannot be formed, and returns cannot be generated. For example, we have completed the construction of the corresponding ground system for our meteorological satellite well ahead of time, and when "Fanglei 1" satellite was launched, it could be used immediately, with good results. Whereas the "Resources 1" satellite, which is under construction now, still does not have a corresponding ground system, which if not grasped and constructed once the satellite is successfully launched, there is no way to use it, and it means a waste of the valuable resources carried by the satellite.

Facing this, the experts and scholars concerned think that it has not been easy for China to reach today's standard and scale in the area of space technology and enterprise, that these are the fruits from the efforts by the people in the whole country who cut expenditures and led a thrifty life, and that more importance must be attached to these. They call for setting up a state system and organ for perfecting centralized management of application of space technology, to guarantee the organization and implementation of the overall space program. Based on a scientific and rational principle on matching the satellite with the ground system, coordinate the relations between consumer departments and producer departments, so as to be beneficial to attaining the best returns. Based on the country's situation and strength, emphasize the development of multi-purpose and comprehensive projects, and strive to develop a variety of functions for a single satellite and a single station. At the same time, step by step introduce the market mechanism; develop the compensated business of space technology and products; and attain commercialization of satellite research, manufacturing, launching, and application, enabling the space industry to develop as rapidly as possible.

Military

Officials Mark Army Day With Veterans

OW0108220690 Beijing XINHUA Domestic Service
in Chinese 1101 GMT 30 Jul 90

[By reporter Guo Diancheng]

[Text] Beijing, 30 Jul (XINHUA)—Zhao Nanqi and Zhou Keyu, respectively director and political commissar of the General Logistics Department of the Chinese People's Liberation Army [PLA], marked the "1 August" Army Day with retired leading comrades by informing them of the current state of affairs and hearing their views.

Zhao Nanqi informed the veteran comrades about the current situation at home and abroad, briefed them about logistical affairs in the armed forces during the first half of the year, and sincerely solicited their views.

Deeply touched by this, the veteran comrades said: We are not satisfied with receiving a bag of fruit and a letter of best regards when it is New Years Day or on other festivals. We will be spiritually more fulfilled and will have happier holidays when we are kept informed of the situation. Many veteran comrades candidly presented their views about the armed forces' logistical operation.

The veteran comrades maintained that supervision from veterans is an important part of the supervision from the masses. The knowledgeable and observant veteran comrades are very straightforward with their criticism.

Zhao Nanqi and Zhou Keyu indicated that the work of keeping veteran comrades informed and hearing their views should be regularized and institutionalized.

Chen Xitong Addresses Army-Support Meeting

OW2807144990 Beijing XINHUA Domestic Service
in Chinese 0735 GMT 28 Jul 90

[By RENMIN RIBAO reporter Yan Shigui and XINHUA reporters Luo Xiaolu (5012 2556 6424) and Luo Yuwen]

[Text] Beijing, 28 Jul (XINHUA)—Representatives of soldiers and people joyfully gathered at a meeting in Beijing today and discussed soldier-people friendship. It was a discussion meeting on the work of supporting the Army and giving preferential treatment to families of soldiers and revolutionary martyrs, of supporting the government and cherishing the people, and of joint army-people building of socialist spiritual civilization.

Representatives from Beijing Municipality and the People's Liberation Army [PLA] units in Beijing spoke at the meeting. They are the representatives of those who made contributions to the work of supporting the army and giving preferential treatment to families of soldiers and revolutionary martyrs, of supporting the government and cherishing the people, and of joint army-people building of socialist spiritual civilization. The comrades from Beijing Municipality praised the PLA units in Beijing for being an important force in building spiritual civilization, and for having made outstanding achievements in promoting new social conduct on the eve of the Asian Games and having made positive contributions to strengthening army-government and army-people unity. The comrades from the PLA units thanked the governments at all levels and the people in Beijing Municipality for giving support to and showing concern for army building.

Beijing Mayor Chen Xitong spoke on behalf of the municipal party committee and the municipal government. He said: The PLA units and armed police units in Beijing have provided a great deal of unselfish support to the modernization of Beijing Municipality, and particularly to the preparation of the Asian Games. Local governments and organizations at various levels should take a further step to launch a widespread campaign to cherish, learn from, and support the PLA units; to show concern for and support their construction and reform; and to actively and voluntarily help them solve problems and overcome difficulties. It is necessary to consider the characteristics of the new period in order to constantly improve the contents and ways of the campaign to support the army and give preferential treatment to families of soldiers and revolutionary martyrs, and the campaign to support the government and cherish the people. It is necessary to do an even better job in supporting the army and giving preferential treatment to families of soldiers and revolutionary martyrs, in supporting the government and cherishing the people, and in the joint army-people building of socialist spiritual civilization. It is necessary to establish closer army-government and army-people relations, to carry out a more thorough national defense education among the

people, and to create among the people a good habit of cherishing, learning from, and supporting the PLA.

Zhou Wenyuan, deputy director of the PLA General Political Department, also spoke at the meeting. He called on the officers and men of the PLA units in Beijing to firmly establish the notion of respecting local governments and cherishing the people; to conscientiously abide by current policies, discipline, and Beijing Municipality's relevant legislation; to vie to be good residents; to do a better job in joining local people in building socialist spiritual civilization; and to launch a widespread campaign to learn from the Beijing people.

Present at the meeting were responsible comrades of the three PLA general departments, major PLA units in Beijing, Beijing Municipality, and the Ministry of Civil Affairs.

Artillery Forces' Achievements Outlined

OW0108201990 Beijing XINHUA Domestic Service
in Chinese 1047 GMT 30 Jul 90

[Text] Beijing, 30 Jul (XINHUA)—Artillery forces of the Chinese People's Liberation Army [PLA] have achieved remarkable achievements in their endeavor to become more revolutionary, modernized, and regularized.

The PLA General Staff Headquarters called a meeting today to mark the 40th anniversary of the founding of leading organs of the artillery forces. Chi Haotian, chief of general staff of the PLA, was at the meeting to express his congratulations.

With the approval of the Central Military Commission, the Chinese PLA Artillery Forces had their leading organs officially established in August 1950. That day marked the beginning of a fully centralized project of regularizing the people's artillery forces. Led by the party Central Committee and the Central Military Commission during the past 40 years, the political consciousness of the PLA artillery forces has continued to rise and their military proficiency has continued to improve. They have achieved noticeable achievements in becoming more revolutionary, modernized, and regularized.

—Artillery units and their leading organs have never before been stronger, and their proportion in the combined armed forces has never before been larger. The number of artillery companies now accounts for more than 50 percent of all the combat companies within the PLA group armies. They have become the principal shock forces of the ground troops.

—The weaponry of the artillery forces has become increasingly modern. Artillery pieces of all descriptions developed by China are powerful and highly mobilized. The previous situation where artillery pieces had to be pushed by people and pulled by horses has changed. Meanwhile, antitank guns operated by individual soldiers have become much more powerful; air defense is stronger; and the combined use of

antiaircraft guns and guided missiles has created a highly efficient defense system against high, medium-high, low, and ultra-low air attacks.

—Basic training has been improved, and science and technology have made artillery forces even more combat ready. Artillery forces have drawn up their own combat orders, operation regulations, and military training outlines. They have compiled, written, and published more than 350 kinds of guiding principles, standards, drilling orders, and teaching materials, totalling more than 11 million copies. The approximately 30 films and videotapes that have been produced for instructional purposes provide reliable materials for artillery forces' combat training at all stages. Moreover, as part of the training programs, gunners of artillery units have also been encouraged to take part in all types of contests to display their marksmanship, special skills, and all other capabilities. While intensifying academic research and technical renovations, all artillery forces have also restructured their training programs to improve their responsiveness, and they have achieved many breakthroughs in this area.

—Large numbers of proficient personnel have been trained. Over the last 40 years, artillery colleges and schools have delivered to the armed forces hundreds of thousands of commanding and technical officers who are dedicated to national defense and who are knowledgeable about modern sciences. Today, 70 percent of the officers working at grassroots artillery units are college or school trained.

Discipline Inspection Body Lauds Tank Regiment

HK0108113890 Beijing RENMIN RIBAO in Chinese
27 Jul 90 p 4

[Report by Zhang Bangbang (1728 6721 6721) and Cao Chengfa (2580 2052 4099): "The Discipline Inspection Commission of the Central Military Commission Recently Transmits the Experience of a Certain Tank Regiment Discipline Inspection Network"]

[Text] In light of the new situation in the building of the party style of the People's Liberation Army [PLA] units, a certain tank regiment of the Beijing Military Region has formed a well-informed and effective discipline inspection network so as to make the grass-roots discipline inspection systematic and regular. The Discipline Inspection Commission of the Central Military Commission has recently transmitted their experience in this aspect.

In addition to the discipline inspection commission organized by nine persons of the regiment, all battalions and companies of the regiment have set up discipline inspection groups and asked some of the fighters to act as party style supervisors. In the form of meetings, forums, and individual heart-to-heart talks, the discipline inspection groups pay attention to the reflections of fighters and gather the masses' views to make the situation at the

lower levels known to the upper levels. Over the past two years, the battalion and company discipline inspection groups have successively gathered some 200 pieces on suggestions and views on the building of party style and the information about 19 of the 28 cases of discipline violation investigated and dealt with by the regiment has been supplied by supervisors.

The regiment party committee has created good conditions for the grass roots to do discipline inspection work and consciously accepted supervision. Every year, the regiment appropriates special funds for the grass-roots discipline inspection groups to subscribe to newspapers, journals, and books. In light of the characteristics—new backbone discipline inspection personnel of the grass roots and their great mobility, the regiment party committee adopts the methods of concentrated training, short departmental training, giving guidance through correspondence courses, and joint solution of "difficult problems" to do well in training discipline inspection backbone elements.

The regiment party committee has unremittably protected and aroused the enthusiasm of the discipline inspection backbone elements for work. Over the past two years, seven persons who are concurrently discipline inspection cadres have been promoted, 15 fighters' party style supervisors have joined the party, nine persons have been admitted into a military academy through examination, and three persons have been transferred to volunteer soldier status. Wang Yongfu, member of the regiment discipline inspection commission, strictly investigates and deals with the cases of violation of discipline. He has refused others' intercessions on many occasions and "offended" some people. The regiment party committee has resolutely supported him. He was promoted to a political instructor in July last year.

The systematization and regularization of the system of the grass-roots discipline inspection work has promoted the all-around building of the PLA units. The regiment was cited by the group army twice and commended by the military region three times.

Training Foreign Pilots, Navigators Viewed

OW0108115890 Beijing XINHUA in English
1140 GMT 1 Aug 90

[Text] Shijiazhuang, August 1 (XINHUA)—Shijiazhuang Air Force Academy, one of China's most important academies of its kind, has trained more than 400 pilots, navigators, and military specialists of radar and meteorology for nine countries in the past three decades.

The academy, with a history of 41 years, started admitting foreign students from 1959, and sent experts to other countries as teachers at the same time.

Many of the foreign students graduated from this academy have become high-ranking officials of their countries, including commandant of the Air Force

Academy of Sudan, commander of the Anti-Air Defense Force of Tanzania and the former commander-in-chief of the Algeria Air Force.

The academy began receiving visits from foreign armies from 1979. So far, 92 military delegations from 54 countries and regions have visited there.

An official from the academy remarked that, the international exchanges have enhanced the understanding between the Chinese Army and its foreign counterparts. The strict discipline of the academy and the high quality of its students have also left a deep impression on the visitors.

With 21 varieties of teaching planes, including all kinds of jet teaching planes made in China, the academy is designed to train pilot officers.

It is learned that computer-controlled imitation training is widely applied in this academy so that students can learn about flying, stunt flying, fighting and other flying actions on the ground.

Besides, the official said, more than half of the teachers in the academy are grade "A" and superior grade flying teachers, and more than 78 percent of them can conduct teaching in the sky under three kinds of weather.

Official Views Development of Army's Air Arm

HK0308065390 Beijing RENMIN RIBAO in Chinese
29 Jul 90 p 3

[Report by reporter Wang Jin (3769 3866): "Deputy Chief of General Staff He Qizong on Development of Ground Forces' Air Arm"]

[Text] He Qizong, deputy chief of the General Staff Department, said on 24 July that building and developing the ground forces' air arm [lu hang 7120 5300] constitutes a major policy decision of the Central Military Commission and is necessary for the development of our Armed Forces. In 1985, while deciding to reduce the size of our Armed Forces by 1 million, the Central Military Commission made an important policy decision on the setting up of the ground forces' air arm. This fully shows the Central Military Commission's determination to build the air arm.

He Qizong made this remark at a meeting to sum up the 10th anniversary of the safety flight conducted by a regiment of the air arm. The regiment is the first helicopter unit established in our Army. Over the past several decades, the regiment has repeatedly performed meritorious services and has been praised as a first-rate air commando.

Air Force Approaching World Safety Standard

HK0308063290 Beijing CHINA DAILY in English
3 Aug 90 p 1

[By staff reporter Yao Yu]

[Text] The Chinese Air Force has made great efforts in the past decade to maintain a good safety record.

In a recent interview with the Air Force's general headquarters, CHINA DAILY was told that 40 percent of Air Force divisions and flying schools had kept the rate of serious accidents under 0.01 percent—or one accident in every 10,000 flying hours—for five consecutive years in the last decade.

It was also learned that the rate of serious accidents so far this year was only 0.002 percent, or two in every 100,000 flying hours.

"In this aspect, the Chinese Air Force is approaching advanced world standards," said an officer in charge of safety affairs.

The officer noted that the achievement was "of particular significance" in view of the fact that the Chinese Air Force's equipment and facilities were older and fewer than their Western counterparts.

The officer attributed the achievement in safe flying mainly to strict and scientific personnel training.

All pilots and almost all technicians had received systematic training in military academies, the officer said, adding that various special training courses were regularly given to pilots in a bid to help them master safe flying under complicated conditions and emergencies.

In addition, the officer said, high-quality ground services had played an important role in helping avert accidents.

A nationwide, well-operated aircraft repair system was now available and the number of accidents caused by mechanical faults had decreased sharply in recent years.

Changes in Aeronautical Weapons Discussed

HK3107060190 Beijing JIEFANGJUN BAO in Chinese
6 Jul 90 p 3

[Article by Zhang Changzhi (1728 2490 3112): "What Do Changes in Modern Aeronautical Weapons Indicate?—part one of discussion on future hi-tech air battles"]

[Text] Limited wars in recent years indicate that with the help of modern technology, astonishing progress has been made in aeronautical weapons. The hi-tech air battle with artificial intelligence-operated weapons as its hallmark is approaching stealthily. The characteristics of such a battle are highlighted in the following aspects:

Nonguided weapons have been gradually replaced by accurately guided weapons. The guided surface-to-air missile has developed into four series: high-altitude long-range, medium-altitude medium-range, low-altitude short-range, and minimum-altitude short-range missiles; the surface-to-surface missile into three series: long-range, medium-range, and short-range missiles; and the air-to-surface missile into two series: strategic and tactical missiles. It is expected that many guided

weapons will be made more intelligent in the 1990's. They will be able to single out the enemy, stop interference [pai chu yan rau 2226 7110 1626 2371], and select their targets of attack with low circular [yuan 0955] probability error, becoming the most important conventional weapons.

The two-in-one lethal weapon, which is composed of lethal "hard" and "soft" weapons, has gradually replaced the lethal "hard" weapon. Radio and photoelectric equipment and materials have become the core element of modern aeronautical weapons. At present, the cost of electronic equipment accounts for 33 percent of the total cost of a modern airplane, 45 percent of a guided missile, and 66 percent of a space-flight unit. The comprehensive space electronic war system, which is being developed, will have more useful self-adapting and synthesizing functions. It will cover the whole area of the battlefield on land and sea and in the air and space, bringing the audio frequency into the whole spectrum of electricity, light, and infrared [as published]. It has comprehensive functions to counter enemy radar, communications, and homing ability, to single out the enemy, and to give guidance to weapons.

Command operation has been gradually automated. The C3I system has become the "nerve center" of the modern systems used in air battles. The U.S. Air Force has set up strategic air force and North American automatic command systems, a ballistic missile long-range warning system, and a space supervisory system. In addition, it is provided with tactical air force automatic command centers, air situation observatory centers, and airborne early warning aircraft. The reliability, secrecy [bao mi xing 0202 1378 1840], and countermeasure ability [dui kang xing 1417 3123 1840] of future automatic air command systems, their information-handling ability, and their degree of integration will be further improved.

Air defense and aeronautical weapons tend to combine with space defense and space weapons. In the late 1950's the United States and the Soviet Union began to study ground-based antimissile missiles, and set up multilevel antimissile missile systems. In the 1980's they focused on developing various satellites for military use (they have launched 200 such satellites into orbit so far), space shuttles, spacecraft, and space stations. It is expected that by the end of this century, aerospacecraft will be mainly used for providing protection for ground and air forces when the latter are at war. By early next century, the two belligerents will be able to attack each other's targets in space, in the air, on the ground, and at sea. Space defense and space weapons will travel in the atmosphere as well as in outer space, and will merge with air defense and aeronautical weapons.

These changes indicate that with the help of hi-tech, aeronautical weapons with "technical ability" have gradually developed into ones with "intelligence ability." The principal index is that aeronautical weapons have been provided with certain abilities of the human brain (such as the abilities to observe, remember, analyze, and

synthesize). Missiles have become "bullets with eyes." The future aeronautical C3I system and "hard-soft" weapon system will be partly controlled by an artificial intelligence-operated machine. The operator will be able to carry on a conversation with the machine through the operating board linking the information processor with the indicator, thus strengthening and improving human mental faculties. This will not only bring about a qualitative change in the processing of information and the way the information is passed on during an air battle, but also combine operator, theory, and computer into an inseparable whole. By means of such a linkage system established between operator and weapon, human intelligence will be directly converted into energy and released, unprecedentedly improving operational efficiency.

Providing aeronautical weapons with intelligence has its profound historical root causes, and so is an inevitable trend. Since the 1950's, a technological revolution has broken out all over the world, and automatic control and artificial intelligence technologies have made great progress. Many modern high technologies were first utilized to manufacture aeronautical weapons. As the computer found a wide application in aeronautical weapons, accurately guided weapons, telemetering and remote sensing systems, electronic countermeasure technology, the automatic C3I system, and numerous other kinds of automatic equipment and artificial intelligence systems were successively developed, making aeronautical weaponry the epitome of modern science and technology. On the other hand, aeronautical weaponry has also constantly made demands on science and technology, pushing it forward. High technology and aeronautical weaponry have promoted each other and developed simultaneously. This is an important characteristic of current developments in aeronautical weaponry and science and technology.

This characteristic suggests that current aeronautical weaponry will enter a new period during which it will be rapidly developed, and its efficiency will make new breakthroughs. At present, science and technology are making progress at an "explosive" speed, and microelectronic technology, as the "spearhead" of high technology, is being applied to every corner of the aeronautical weaponry field. In the meantime, it takes a shorter and shorter time—15 years, eight years, four years, two years—for the microprocessor to develop from one generation to another, and the intelligence of each generation progressively increases at a rate of 16, 256, 64,500, and 4.1 billion times, following an exponential curve. The microprocessor is the core of aeronautical weaponry, playing such an important role at the control and central layers in the form of intelligence that a slight move from it will affect the whole system. It will double and redouble the efficiency of aeronautical weaponry, even at the rate of geometric progression. According to an FRG prediction, an offensive launched by a Soviet group army can be stopped by using accurately guided weapons, namely, by sending 50-100 airplanes to drop

500 metric tons of accurately guided bombs. This will give operational efficiency 50 to 100 times higher than if using guided weapons of the first generation.

This tendency shows that since artificial intelligence-operated aeronautical weaponry can greatly improve operational efficiency, the authorities concerned will attach primary importance to it in developing military equipment for the air force. The limited wars in recent years have seen an antiaircraft missile worth \$10,000 bring down an airplane worth \$18 million, an antitank missile worth \$3,000 destroy a tank worth \$2.7 million, and a missile worth \$200,000 used against an aircraft carrier sink a modern vessel worth \$50 million. A Western assessment states that the U.S. cruise missile, worth only one-twenty-second of a helicopter, greatly reduced the efficiency of the Soviet Union's antiaircraft system, providing protection for that massive country, which took the Soviet Union 30 years and cost it about \$100 billion to build, with the result that it took the Soviet Union another seven to 10 years and tens of billions of rubles to rebuild the system.

Again, since intelligence-operated aeronautical weaponry can turn into fighting capacity of a new quality, it will replace a part of the air force, reducing its establishment. According to a Western analysis of simulated warfare, a modern anti-aircraft system can boost its operational efficiency by 15 to 30 times and reduce the relevant air defense forces used to intercept intruding enemy planes by 60 percent just by equipping itself with early-warning command aircraft. There will also be changes in the organization of the air force. For instance: The proportions of airplanes providing protection and of technical staff providing protection services will increase, while the proportions of fighter airplanes and fighting personnel will drop.

Therefore, providing aeronautical weaponry with intelligence is not merely a technological issue, it will bring about a qualitative change in the air force.

Discussion Continues

HK3107144790 Beijing JIEFANGJUN BAO in Chinese
13 Jul 90 p 3

[Article by Zhang Changzhi (1728 2490 3112): "Battlefield Changes Caused by Intelligent Aeronautical Weapons"—part two of discussion on future hi-tech air battles]

[Text] The development of intelligent aeronautical weapons does not mean simple expansion of air raid force, but more profound change in the concept of air battles.

The Future Aerial Battlefield Takes on a Series of New Characteristics: Highly Condensed Space in Air Battles

From the angle of contemporary aeronautical weapons' distance of per unit time maneuverability, space is relatively diminished, with the obstruction of tall mountains, ocean, and night drastically weakening. From the

angle of aeronautical weapons' control of scope, the space of battlefields has unprecedentedly extended, with a three-dimensional extension for air battles at that.

Horizontally, long-range raid has become increasingly conspicuous. The takeoff base for aeronautical weapons exercising air raid missions will become increasingly farther away from their targets, and the radius of future fighters in operation will be something between 2,000 and 3,000 kilometers, while the radius of bombers and airfreighters will exceed 5,000 kilometers. In addition to the greatly increased function of space technology and inflight refueling technology, air battles will transcend boundaries of nations and continents, covering the entire territories of the countries at war. At the same time, the distance of air raid will be increasingly extended: intermediate-range air-to-air guided missiles can be launched at a target some 100 kilometers away, while air-to-land and cruising guided missiles are capable of attacking targets several hundreds and thousands of kilometers away; and an air raid directed at whichever country in the world can be launched from a pad in the air along the border, namely aiming at targets in depth.

Vertically, the contention for the "two extremes" has unprecedentedly intensified—spacecraft and invisible bombers vie for the commanding elevation in the air, while actions at low altitude will be an important orientation in the development of tactical aircraft. In future air battles, greater advantages in lower height, stability, and safety in flight means the possession of great might to break through defense and certain supremacy in air battles. Helicopters armed with new technology will continuously be used in battlefields, voluminous helicopter-fighters are to surface, fighting capacity of aircraft with fixed wings will be further magnified, and the contention over the supremacy of "a tree's height" will be all the more intense.

Time-Shortening in Battles Takes on a Tendency of Appreciation

The tempo of air battles has drastically quickened. Statistics showed that it took six months for 100 aircraft to eliminate 100 enemy aircraft in World War II, while it took an average 19 months for one side to lose half of its aircraft. But in the partial wars in the 1970's, they were shortened to 2.25 and seven days, respectively. From the angle of the time needed in air attack, it took the U.S. aircraft 17 and 30 minutes respectively to perform the two air raids on Libya; it took the Israeli Airforce six, three and two minutes to devastate the al-Baka Valley guided missiles base, the PLO headquarters, and Iraqi nuclear reactor pile; and the air battle at the (mei li xi de la 5019 0448 6932 1795 2139) Bay lasted only one minute.

All these demonstrate that the intensity of air battlefields has greatly increased with the improvement of the attacking effects of the air force, while the time involved in action has been greatly reduced. In what used to take

protracted battles to decide the victor of a campaign, it takes only a few hours and even a few minutes to determine the outcome. At the same time, contemporary air battles stress more on flexibility and top speed, and time value is on the rise. To exchange space for time will be an important form in the use of time and space. In a certain sense, time is combating effectiveness, and the initiative. Such tendency of time appreciation is obviously favorable to the side with supremacy in the quality of aeronautical weapons.

Combating Effectiveness Relies All the More on Comprehensiveness

The developing trend of modern science and technology characterized by their high level of division and comprehension has led to the high level of division in the categorization of aeronautical weapons as well as comprehensiveness in war operation. On the one hand, the categories and types of aeronautical weapons have increased with each passing day; on the other, the comprehensiveness shaped in air battles has become increasingly outstanding, and the struggle between air raid and counter air raid has evolved into the confrontation of the comprehensive operational systems between the two sides in air battles.

In future major air battles, comprehensive attack will be conducted with aircraft of different categories, qualities and tasks from diversified directions and heights. Aircraft in 14 categories were mobilized when the U.S. Air Force raided Libya.

The comprehensiveness of air raid operation has pushed forward the comprehensiveness of air defense to a new phase. Future air defense systems will have to destroy "missiles" from outer space, while trying to hit intruding "aircraft" from a medium high altitude and dealing with "enemy troops" intruding from a low or extreme low altitude. It will have to implement air defense in field operations, while conducting air defense of important positions, and implementing territory and even joint multinational air defense.

The future way of contending for air supremacy will also convert from a single to a compound type. The U.S. Army advocates comprehensive application to diversified ways to accomplish air supremacy including defensive as well as offensive operation to counter the opponent's air force and to neutralize its air defense system. The Soviet Army stresses that air campaign is the chief way to accomplish air supremacy under normal condition, but operations in air campaign are increasingly diversified.

Besides, the contention for air supremacy involves battlefields on land, sea, and in the air simultaneously. Aircraft has already become or is becoming an organic component part of major services and arms, to strive for and maintain air supremacy is the common task for all services and arms.

Therefore, we can see that contemporary air operational systems is a dynamic structural system characterized by the crisscross and mutual restriction of multiple targets, factors and variables. The reliance on a single armed service, arm, or mean will not score the final victory of air battles. Future war between air raid and counter air raid will also surface in the form of comprehensive operation.

Operational Scope Trends To Become Small-Type

During World War II, the Soviet Union called out aircraft of all categories in a total of 3.125 million flights. During the Korean war, the U.S. Army called out aircraft in a total of 1.04 million flights. In the fourth Middle East War, Israel called out aircraft in 11,500 flights. Viewing the three air campaigns during the Vietnam war, we found that the scope of the air campaigns of the U.S. Air Force had gradually reduced: In the "Rolling Thunder" campaign, they called out aircraft in 304,000 flights; in the campaign "Rear Guard I," they called out aircraft in 60,000 flights; and in "Rear Guard II," they called out aircraft in 2,500 flights. The U.S. Army's air raid in Libya has been on a larger scale in the wake of the Vietnam war, but only 150-odd aircraft were called out.

The chief causes to account for the small operational scope are: First, there is limitation in the operational objective of contemporary partial war, for small air battles will serve better particular contemporary political and military needs. Second, high-technology aeronautical weapons have provided the material base for reducing air battles' scope. Presently, the volume of bombs dropped by three B-1 bombers in an operation is equivalent to 1.2 times of the volume of fire power of a Soviet motorized division working simultaneously. The tasks of a past operation, which would often involve a series of medium- and small-scale campaigns to be fulfilled, can now be done in several combats or even a major one. Third, the tremendous consumption of materials and equipment in contemporary air battles compels the two sides at war to attach great importance to high efficiency to try their best to score the greatest victory with the smallest cost, while the efficiency-and-cost ratio has shaped into the inherent mechanism restricting air battles' scope. And fourth, under the condition of employing high-precision guided weapons, the nature of operational target has undergone the change from being large to small, and from being concentrated to dispersed. Past interfacial targets that were to be destroyed are now considered to be the combination of interspersal targets to be destroyed separately. Therefore, carpet bombing is no longer necessary, and fewer aircraft with brief attack will very well serve the purpose.

A Variety of New Means for Operations

With the development of aeronautical weapons and the rise of the helicopter-fighter, small-scale airborne and low-altitude operations are filling the blanks in "air raid," and have shaped into an important form of air raid. When the U.S. Army invaded Grenada, airborne

task force worked in cooperation with ground offensive, and scored a victory in only four days. Because of the application to new-type helicopter-fighters, future airborne and low-altitude operational units will become the shock force in low-altitude or extreme low altitude air raid.

Special means for operations will be favored in the contemporary air battlefield. In the U.S. Air Force special technical units, there are eight squadrons equipped with 106 aircraft, which are capable of extensively conducting psychological war, reconnaissance, air drop, air-to-ground attack, rescue in operations, and inflight refueling.

Under the condition of a shrinking scope of the Army when the national military strength must be guaranteed, it is all the more important to improve the Army's flexibility. With large-type airfreighters propelled with jet engines, the capabilities of tactical airfreighters for short-distance takeoff and landing have been greatly improved; besides, with the completion and perfection of inflight refuelling equipment for airfreighter, military airlift will be extensively applied to future battlefields, and become the mainstay of the Army's long-range flexibility.

Because of the magnified capacity of strategic bombers and tactical aircraft for performing multiple operational tasks, they have infiltrated each other in operations, and the differences between them have phased out with each passing day. The U.S. B-52 bombers have on several occasions performed tactical tasks, while tactic airmen have on several occasions exercised strategic air raid in a "surgical" way. A Soviet long-range Tu-95 bomber airmen division has already been placed under the command of a major theater of operations.

Beyond a doubt, the variety of new means of operations will make future war of air raid and counter air raid very complicated.

Air Supremacy Goes Hand in Hand With Electromagnetic Supremacy

Being electronically equipped is a major characteristic of modern aeronautical weapons. Future war of air raid and counter air raid will be intensely unfolded, focusing on the application of electronic technology and its counter measures; thus pushing air battles into a vast and unlimited new arena—the fourth dimension.

The side conducting air raid will utilize advanced electronic technology and merge air raid with electronic confrontation. By means of electronic technology, such links as reconnaissance, tricks, interference, guidance, and assault are chained into an integral course of operation. Usually, it begins with seizing electromagnetic supremacy in an electronic lightening war, which results in the out-of-order state of the "software" and "hardware" in the opponent's arms system. Whereas the side in air defense will apply to comprehensive means in all-out efforts to paralyze the opponent's electronic war

system. The essence of air battles will be the contention of the fire power of electronic-controlled aircraft and that of counter electronic-controlled aircraft. In a certain sense, therefore, future air battles are precisely electronic war. Air supremacy goes hand in hand with electromagnetic supremacy. The loss of vitality of whichever electronic war system means generally losing the opportunity of victory.

Economic & Agricultural

Li Peng Congratulates 'Top 10' Joint Ventures

OW0208231190 Beijing XINHUA Domestic Service
in Chinese 1255 GMT 31 Jul 90

[Text] Beijing, 31 Jul (XINHUA)—A ceremony for awarding the winners of the third national selection of top 10 joint ventures was held in the Great Hall of the People today. On behalf of the party Central Committee and the State Council, Premier Li Peng extended his warm congratulations to the "Top 10" joint ventures in a congratulatory message.

Li Peng said in the message: To encourage foreign investment in China and run joint ventures is an important measure for opening to the outside world. Since the first Chinese-foreign joint venture was approved and set up in 1980, the number of foreign invested enterprises in China has exceeded 20,000. These enterprises have become a component part of China's multi-tier enterprise structure, and they are continuing to play a role of introducing advanced foreign technology and management experience. Facts have demonstrated that the basic policies and measures of utilizing foreign capital formulated by the party Central Committee and the State Council are correct and successful.

Li Peng reiterated: Opening to the outside world is our long-term policy. China would never close its doors to the outside world no matter how the international situation changes. To develop further enterprises with foreign investment on the basis of running existing ones well is of great significance to promoting reform and opening to the outside world and to increasing international economic exchanges. He called on all localities to continue to improve the investment environment, provide better guidance to existing enterprises with foreign investment, and explore new practices of enterprise operation that conform to both Chinese characteristics and international practices. He urged all localities to attract and utilize foreign capital more effectively, develop foreign economic relations, and promote China's socialist modernization.

The 11 "Top 10" joint ventures are enterprises with remarkable economic performance, high technological levels, and good management. In the order of selection, they are: Sino-Hong Kong Xinjiang Tianshan Woolen Textile Company, Limited; Guangzhou M.C. Packaging, Limited; Beijing Jeep Company, Limited; Huaqiang

Sanyo Electronic Company, Limited; Shanghai Volkswagen Auto Company, Shanghai Yaohua Pikington Company, Limited; Shanghai Xunda Elevator Company, Limited; Shanghai Bell Telephone Equipment Manufacturing Company, Limited; China Huipu Company, Limited; Shanghai Yichu Motorcycle Company, Limited; and Xiamen Overseas Chinese Electronics Company, Limited. The last two firms tied for 10th place. These enterprises are primarily in the textile, light, packing, electronics, machine-building, automobile, telecommunications, and building materials industries. Most of their investors are from the United States. The rest are from Britain, Belgium, Switzerland, Thailand, Japan, Federal Republic of Germany, and Hong Kong. Most of these enterprises are located in coastal open regions and special economic zones. Their investment each exceeds \$10 million, with the highest rate of return on investment at 82.4 percent and the highest accumulated depreciation rate at 33 percent. The highest per capita labor productivity among them is 455,000 yuan, and the highest export rate of products is 64 percent. All the "Top 10" enterprises maintain a basic balance between receipt and payment of foreign exchange, and most of them have a foreign exchange surplus. According to economic experts, these economic indexes show that the enterprises not only are superior among their counterparts in China, but they are also very competitive in the international market.

The selection was co-sponsored by ECONOMIC DAILY and CHINA BUSINESS TIMES.

Foreign-Funded Enterprise Exports Up 63 Percent

OW0108114890 Beijing XINHUA in English
1122 GMT 1 Aug 90

[Text] Beijing, August 1 (XINHUA)—China saw a marked increase in the exports of foreign-funded enterprises in the first half of this year, with the export volume hitting 2.99 billion U.S. dollars, up 63.4 percent over the same period last year.

According to statistics of the General Administration of Customs, the six-month export volume of the foreign-funded enterprises included 2.86 billion U.S. dollars of goods processed with imported materials and general export goods.

The goods processed with imported materials included machinery, electronic products, textiles, garments, shoes, toys, plastic products, suitcases and bags. Their export volume reached 2.43 billion U.S. dollars, 81.3 percent of the export volume of the foreign-funded enterprises in the first half of the year.

The export volume of machinery and electronic products stood at 960 million U.S. dollars.

The general export goods included textiles, garments, glass and chemical products, whose export volume hit 430 million U.S. dollars, 14.4 percent of the export volume of the foreign-funded enterprises.

Job Suspensions Ease as Production Picks Up

OW0108141090 Beijing XINHUA in English
1351 GMT 1 Aug 90

[Text] Yinchuan, Aug 1 (XINHUA)—The number of workers who have been made redundant due to sluggish markets dropped from 6.68 million last December to 2.84 million in June, according to a Chinese official.

Li Boyong, deputy minister of labor, said at a meeting here that the austere economic policy caused a downturn in industrial production. By last December some 6.68 million workers in the state and collective enterprises, or six percent of the total, had not enough work to do.

The Chinese Government has adopted a series of policies and measures to ensure the living standard of redundant workers and help the enterprises to readjust their industrial structure, upgrade their products or streamline their organizations. By June 3.84 million of the redundant workers resumed normal work.

Li noted that it is still difficult to solve the question properly because the economic returns of some industrial enterprises remain poor and readjustment of the industrial structure has just started.

Li said that in the future, the fundamental solution of underemployment should depend on the establishment of a better social insurance system.

Due to the imperfect insurance system, the government has had to bear a heavy burden to support the underemployed workers since the end of last year. In January alone, financial, taxation, labor and other departments and trade unions in China collected more than 300 million yuan to subsidize redundant workers.

"Such a solution is temporary," he said.

He considered that the insurance system should include unemployment policies and pension policies for retirees from collective enterprises.

Liu Guoguang, Liu Rongchang View Economic Policy

HK2907021090 Beijing RENMIN RIBAO in Chinese
16 Jul 90 p 5

[Article by Liu Guoguang (0491 0948 0342) and Liu Rongchang (0491 3310 3318): "Firmly and Correctly Implement the Strategic Policy of Taking Economic Construction as the Key Link"]

[Text] Over the past 40 years, Chinese socialism has attained a universally recognized accomplishment and initially displayed the superiority of the socialist system. However, due to the immaturity and imperfection of the socialist system and lack of experience, certain serious faults have appeared in the process of economic construction, so that the superiority of socialism has not been brought into full play and economic development has not yielded proper results. The most important point

is that, upon the basic completion of socialist transformation of the ownership of the means of production, we did not promptly shift the focal point of party and state work onto the track of taking economic construction as the key link; nor did we take the development of social productive forces as a fundamental task for consolidating and developing the socialist system.

The Third Plenary Session of the 11th CPC Central Committee explicitly advanced the strategic policy decision of shifting the focus of work of the whole party and country to a socialist modernization program taking economic construction as the key link. The "Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC" adopted by the Sixth Plenary Session of the 11th CPC Central Committee further pointed out: "We must never deviate from this focus, except in the event of large-scale invasion by a foreign enemy (and even then it will still be necessary to carry on such economic construction as wartime conditions require and permit). All party cadres must be subordinated to and serve this central task—economic construction." This can be said to be the scientific conclusion acquired by our party on the basis of bringing theory to order out of chaos and deeply summing up the long-term practical experience; it is also a great historical turn of events in strategic choice.

Adherence to economic construction as the key link is the objective necessity of and the basic guarantee for consolidating and developing the socialist system. This mainly includes the following three implications:

First, the continuous development of the socialist economy is a primary factor of decisive significance contributing to the ultimate triumph of the socialist system over the capitalist system. Lenin pointed out long ago: "In the last analysis, productivity of labor is the most important and the principal thing for the victory of the new social system. Capitalism created a productivity of labor unknown under serfdom. Capitalism can and will be utterly vanquished by socialism, creating a new and much higher productivity of labor." ("Selected Works of Lenin," Vol 4, p 16) Due to historical reasons, socialism first won victory in the weakest link of capitalism, in some economically and culturally backward countries. Accordingly, how to utilize the superiority of the socialist system, fully concentrate on developing the socialist economy, speedily reinforce comprehensive national power, gradually minimize differences with developed capitalist countries, and further create a labor productivity higher than that of capitalism is a matter of primary importance in deciding the rise and fall and the success and failure of socialism after the proletariat and the masses acquire political power.

Second, the promotion of social productive forces and the sustained and stable development of the national economy is an important material basis of and a fundamental means for constantly satisfying the people's material and cultural need in life, strengthening the people's socialist conviction, and reinforcing the cohesive power of

socialism. The socialist economy does not develop just for the sake of development, but for constantly resolving the contradiction between backward socialist production and the ever-growing material and cultural needs of society. This is the purpose of socialist production and the basic underlying reason why hundreds of millions of people have consciously fought for socialism and why it possesses a strong appeal and cohesive power.

Third, striving to develop the socialist economy and at the same time promoting the all-round development and progress of society is a fundamental guarantee for foiling international hostile forces in their attempts to carry out subversion, infiltration, and "peaceful evolution" against socialist countries. Since the 1970's, the international situation has tended to move from tension to relaxation and from confrontation to dialogue, and countries with different social systems are in a state of peaceful coexistence in their state-to-state relationships. Some socialist countries have also successively implemented the policy of reform and opening up to the outside world. Under such circumstances, the international hostile forces have intensively pursued the strategy of "peaceful evolution" against socialist countries, seeking to achieve the purpose of "winning victory without waging a war." To prevent "peaceful evolution," it is, of course, necessary to take numerous measures with respect to ideology, politics, and organization. But, most fundamental of all is to continue to take economic construction as the key link and strive to develop the national economy to enable people to live in peace and work in happiness and to achieve economic stability and prosperity, so that the superiority of socialism can be deeply rooted in the hearts of the broad masses and that, in the face of serious challenge, socialism can stand firm as a rock, be stable as Mount Tai, and be forever invincible.

With respect to the strategic policy of taking economic construction as the key link, we must have an overall and comprehensive understanding. In fact, emphasizing economic construction as the key link does not mean that economic construction is everything. The central task is not the only task, nor is the basic task the whole task. Without the close coordination of other aspects, the central task cannot be completed; and if we deviate from the central task of economic construction, the fulfillment of other tasks will lack the necessary material basis, thereby being subjected to great constraints. While clearly defining and emphasizing economic construction as the key link and the development of productive forces as the basic task of socialism, the basic theory of building socialism with Chinese characteristics as proposed by our party also includes the important contents of building socialist spiritual civilization, socialist democratic politics, and a sound, perfect socialist legal system, and reinforcing and improving party leadership. These are undoubtedly the meanings that should be included in the theme of promoting the all-round development and progress of society, and constitute the materialization of the inherent demands of taking economic construction as the key link.

In the party's basic line defining the initial stage of socialism, "one center" and "two basic points" complement and supplement each other, and are unified internally. The four cardinal principles are fundamental to the building of our country and guarantee correct political leadership, theoretical guidance, and development orientation for China's modernization. Reform and opening up to the outside world is the road to strengthening our country. Reform is designed to strengthen the inherent vigor and vitality of socialism. Opening up to the outside world is, however, aimed at assimilating advanced science, advanced technology, management experience, and fruits of civilization from all countries for use in our country. These two aspects are very important and indispensable to achieving economic construction as the key link and promoting the development of socialist economy.

After the Third Plenary Session of the 11th CPC Central Committee, we have done better in implementing the policy of taking economic construction as the key link and achieved great results in economic construction and reform. But, at the same time, unfavorable tendencies of overlooking socialist orientation and playing down ideological and political work have appeared in economic work, which has created a considerable negative impact that cannot be overlooked in the construction of socialist material and spiritual civilization. After quelling the turmoil and rebellion of last spring and summer, the party Central Committee, in light of certain problems worthy of attention, emphasized adhering to the four cardinal principles, reinforcing ideological work, and resisting and opposing the various forms of ideological trends favoring bourgeois liberalization. This is absolutely necessary. As a result, some comrades are doubtful whether the policy of taking economic construction as the key link will change. They are even worried whether there will be a turning back to the old road of "taking class struggle as the key link." In reality, politics and economics are closely related and are inseparable. Socialist modernization requires corresponding media power, value of concept, cultural conditions, and social environment, and it poses newer and higher demands for construction of spiritual civilization. It emphasizes keeping to the correct political orientation and reinforcing ideological and political work. This by no means implies that the policy of taking economic construction as the key link will vacillate or change. On the contrary, it serves the very purpose of guaranteeing that this policy can be better implemented and creating a good political environment and strong spiritual motive power for its advance along the correct path. The viewpoint that separates reinforcement of political and ideological work from taking economic construction as the key link or even sets one against the other is incorrect. Neither the worries nor the misgivings are warranted.

While resolving the problem of correctly understanding the strategic policy of taking economic construction as the key link, we should also emphasize solving the problem of how to implement this strategic policy. According to the

long-term practice of socialist construction in China, particularly the experience of reform and opening up to the outside world in the last 11 years, it is particularly important that we conscientiously resolve the following three aspects of the problem.

First, correctly deal with the dialectical unity between politics and economy and between reform and development, protect China's political and economic stability, and ensure the central position of economic construction.

Politics is the concentrated expression of the economy and, at the same time, reacts on and serves the economy and social production. This is the fundamental principle of Marxism. It is quite obvious and goes without saying that social turmoil will bring about an impact and destructive influence on economic construction. For this reason, the preservation of political and social stability is an important prerequisite for steadily developing China's socialist economy and for adhering to and implementing the strategic policy of taking economic construction as the key link.

We should protect not only short-term stability, but also long-term stability. Only by promoting stability through reform and achieving development through stability can we attain long-term, solid stability. The relationship between reform and development is clearly defined: Reform is aimed at meeting the demand for development and is therefore an important way to achieve economic construction as the key link. However, there is also contradiction between reform and development. First of all, if reform deviates from its original direction, that is, if we do not deem reform as continued development and perfection of the socialist system on its own basis, but set reform against the four cardinal principles, then it will cause fundamental harm to development of the socialist economy. Second, if the design and deployment of reform itself are divorced from national conditions, being too anxious for quick success and blindly pushing ahead, thereby creating serious socio-economic chaos and unbalanced development, then reform will lose its function of adaptability and impetus to the development of social productive forces and will obstruct the effective implementation of the policy of taking economic construction as the key link.

Speaking from its intrinsic quality, the relationship between politics and economy and between reform and development is one of dialectical unity between the superstructure and the economic foundation and between production relations and productive forces. The task of a socialist country lies in creating a specific mode of production that is adapted to productive forces and facilitates their continued progress in every period and at every stage, based upon the objective demand of the development of productive forces. It also lies in the appropriate adjustment and reform of those superstructures that do not fit in with the economic basis, so that development of productive forces will not be restricted and hindered due to the backwardness and ossification of certain links and aspects of production relations and

superstructures, and so that economic development will not be subjected to harmful interference and impact due to subjective and blind changes and violation of the laws governing the economy and society. This is a necessary condition and the basic route for promoting the continuous development of China's socialist economy. It is also a key issue in implementing well the strategic policy of taking economic construction as the key link.

Second, to implement the strategic policy of taking economic construction as the key link, it is necessary to conscientiously sum up historical experience, strictly adhere to the law of economic development itself, and firmly establish and persist over a long period of time in the guiding ideology of sustained, stable, and harmonious development of the national economy.

One of the major mistakes made in China's socialist construction over the past few decades is that economic development often surpasses national strength, with expectations for quick success, wild swings, and long-term, serious disproportions in the economy, making it impossible for the national economy to get back onto the track of a benign cycle for a long time and creating immense economic losses. This condition of lopsided pursuit of rapid economic growth seriously interferes with and exerts an impact on the orderly and effective development of the national economy, subjecting the central position of economic construction to various contradictions occurring as a result of violating the objective law. It is only by conscientiously learning from these historical lessons, firmly establishing and adhering to the guiding ideology of sustained, stable, and harmonious national economic development, and gradually creating a corresponding economic structure and operating mechanism that we can truly implement well the strategic policy of taking economic construction as the key link.

People cannot refrain from asking: Why is it that, for such a long period of time, the economy of our country has failed all along to get on the correct track of sustained, stable, and harmonious development, always suffering setbacks, and that we still commit the same blunders even after the reform? Getting to the root of the matter, we have found that this is principally due to two reasons: One is errors in policy and the other is defects in the economic structure.

As far as the faults in policy are concerned, this mainly refers to the fact that the guiding ideology for economic development has deviated from national conditions, been too eager for a quick success, and lopsidedly pursued excessive scale of construction and excessive rates of growth. Once the national economy finds it difficult to sustain, and collapses, the initiative of the cadres and the masses will surely be seriously dampened. But once there is a favorable turn in the situation, people's heads will get overheated, resulting in a new round of overheated development and great fluctuation.

As far as the defects in structure are concerned, this mainly refers to the inherent defects in the traditional and current economic structure, which lead to the expansion of total demand and total supply. People are all too familiar with the thirst for investment, drive for quantity, and the resulting expansionary effect. Ever since the reform, due to excessive emphasis laid on decentralization of power and concession in profit-sharing toward enterprises and localities, and lack of coordination in reform measures, two situations have been created: On the one hand, microeconomic expansion has been reinforced; on the other hand, the self-restraining mechanism of the microeconomy and the regulatory mechanism of the macroeconomy have not been correspondingly established. Even before the new and indirect means of regulation and control are perfected or even come into being, the direct means of regulation and control as hitherto instituted have been refuted too early and too much. Prior to the establishment of self-regulating capabilities of enterprises and local governments, the capabilities of macro-regulation and control by the central authorities have been weakened to a great extent. All of these constitute the root cause for the overheated economy, loss of macro-control, and certain disorders in recent years.

To solve the problems of faults in policy and defects in structure that have accumulated over the years, on the one hand, we should of course draw historical lessons, establish the guiding ideology of sustained, stable, and harmonious economic development, and avoid following the same disastrous road of expecting quick successes. On the other hand, we must attach great importance to transforming the mechanism. That is to say, we must eliminate malpractices in the traditional and current economic mechanisms which lead to economic overheating, investment expansion, soft budgeting, soft credit control, competition for quantity, and short-term behavior. We must gradually establish and perfect new macroeconomic and microeconomic mechanisms in accordance with the principle of integrating planned economy with market regulation and the basic demand for a long-term benign cycle in the national economy. Otherwise, the correct guiding ideology cannot be effectively implemented due to the lack of the corresponding mechanisms, nor will the sustained, stable, and harmonious development of the economy be achieved.

The strategy for China's economic development is divided into three steps. For the first two steps, that is, from 1980 to 2000, it is necessary to quadruple gross national product, at an average annual increase of 7.2 percent. In fact, in the first 10 years, we completed the first step ahead of schedule at a rate exceeding 10 percent. Thus in the next 10 years we only have to increase by five to six percent to achieve the target, of which industrial growth will be a little higher, at six to eight percent, and agricultural growth at three to four percent. If we steadily maintain this speed, it will not be too difficult to achieve the second step of the strategic target for development in the 1990's. Accordingly, in the

future, we should not pay attention mainly to speed but to how to promote the sustained, steady, and harmonious development of the national economy through policy adjustments and mechanism transformation. This is a problem with a higher degree of difficulty and is also the key to successfully implementing the strategic policy of taking economic construction as the key link, continuously improving the quality of economic development, achieving unity of speed and efficiency, and switching from extensive to intensive operations.

Third, focus full energy on a short-term basis on further completing the difficult task of improving the economic environment, rectifying the economic order, and deepening the reform, and create an appropriate socio-economic environment and necessary structural guarantees for the stable and effective development of China's social productive forces.

More than 10 years of reform and opening up have brought unprecedented vigor and vitality to our national economy, increased comprehensive national strength, and clearly improved people's material and cultural lives. But at the same time, in recent years, due to the fact that we have been too anxious for success in both reform and development and have taken too great and too fast a stride, outstanding problems have appeared, including imbalance in total supply and total demand, disharmony in structure, apparent aggravation in inflation, and confusion in economic order. This has presented economic development with many difficulties and obstacles. This is a concentrated reflection of some profound problems that have accumulated over many years. Therefore, only by promptly and resolutely carrying out improvement and rectification and gradually clearing and sweeping away these obstacles on the road of our advance can we create a better economic environment and a normal economic order for further smoothly carrying out reform and development.

After more than one year of efforts, we have slowed the excessively high rate of industrial development, achieved relatively better harvests in agriculture, controlled investment in fixed assets to a certain degree, and slackened the momentum of inflation. The socio-economic order has taken a favorable turn and the national economy as a whole is taking a turn for the better. Practice proves that improvement and rectification cannot be dispensed with and is absolutely necessary. The notion that improvement and rectification means retrogression is incorrect. On the contrary, this lays the reliable foundation for better, more stable, and more effective advance in the future.

To achieve the expected objective of improvement and rectification, it is necessary, while continuously exercising the control over total demand and total supply, that we lay emphasis on refining economic structure and improving economic results. This is not only a fundamental way to change the current condition of funds shortage and sales slump of certain commodities and guarantee industrial production and appropriate growth

of the national economy as a whole; it is also the inevitable demand for gradually resolving some profound contradictions that have hindered the development of our national economy over a long period of time. But these deep-seated problems must be solved by deepening the reform. Of course, while concentrating on improvement and rectification, we cannot take too big a stride in reform. We must first strive to stabilize and perfect the effective reform measures already instituted. **With the deepening of improvement and rectification and the further improvement in macroeconomic balance and economic order, we can gradually increase the content of reform and put forward some reform measures that have hitherto defied implementation due to excessive tightness in economic environment and the excessive pressure of inflation.** At the same time, we should strive to explore new reform methods, carry out overall planning, and formulate various comprehensive and coordinated reform measures, so as to profoundly carry out economic restructuring in a more planned and systematic manner, materialize transformation of economic mechanisms, and lay the foundation and offer guarantees in terms of economic structure for better implementation of the strategic policy of taking economic construction as the key link and for realization of sustained, stable, and coordinated economic development during the Eighth and Ninth Five-Year Plans.

Liu Guoguang on Expanding Content of Reform

HK0108073190 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 30, 23 Jul 90 pp 3-4

[Report by staff reporter: "Liu Guoguang on Economic Improvement and Rectification and Reform"]

[Text] Editor's note: In mid-June, more than 50 personnel from the economics circles of various areas of the mainland had a meeting in Hangzhou to discuss matters concerning the relationships between planning and market and between economic improvement and rectification and deepening reform on the one hand, and economic development on the other. The "Seminar on Theoretical Problems of Economic Improvement and Rectification and Deepening Reform," cosponsored by the Economics Institute of the Chinese Academy of Social Sciences, the Economic Research Center of the State Planning Commission, and the Editorial Department of JINGJI YANJIU, was an important seminar of economics circles on the mainland over the past year. A consensus view of the participating economists is: Today, as achievements have already been made in the first stage of economic improvement and rectification, it is necessary to gradually accelerate the pace of reform to solve the problems at the depths of China's economic life. Liu Guoguang, well-known economist and vice president of the Chinese Academy of Social Sciences, made a written speech at the seminar, which reflected the opinions of the participants in a relatively concentrated way. After the seminar, our staff reporter interviewed him on some relevant questions. The following is a record of the interview. [end editor's note]

Reporter: Nearly two years have passed since economic improvement and rectification started in the autumn of 1988. The overheated economic growth rate has been reduced, and price increases have been controlled. But at the same time, some new problems such as the weak market have appeared, and the targets for readjustment of the industrial structure have not yet been reached. Misgivings have thus arisen among some people at home and abroad. Some hold that economic improvement and rectification means the ceasing and retrogression of reform, while others doubt whether the 10 years of reform was correct. What is your opinion on this?

Liu Guoguang: Obviously, those views do not conform to the reality of China. The reason economic improvement and rectification should be carried out in China is not that reform is wrong but that some problems have appeared in our economic development due to mistakes, such as overanxiousness for quick results and advancing too fast, as great achievements have been made in the 10 years of reform and development. The main problems are the imbalance of general supply and general demand and the dislocation of the industrial structure, which resulted in serious inflation and market disorder. In the summer of 1988, there even appeared a run on the banks and panic purchasing of commodities, which seriously obstructed the smooth progress of economic reform and development.

Due to serious inflation and market disorder, reforms of the price and wage systems, originally scheduled to be started in the second half of 1988, could not but be postponed. This proved once again that in an economic environment of unbalanced supply and demand, it is difficult to carry out economic reform smoothly. Reform needs a relatively relaxed environment. In other words, general demand and general supply should be basically balanced, and there should be a buyer's market to a certain extent. Yet this simple principle was neglected or negated after 1984. It was replaced by an opposite principle—"reform can only be carried out in a tense economic environment." Under the guidance of this principle, a policy of inflation was then adopted to speed up economic development. As a result, the Chinese economy was led down a blind alley. In view of this situation, the Third Plenary Session of the 13th CPC Central committee, which was held in 1988, decided to carry out economic improvement and rectification so that China's reform and development could be further promoted and a better economic environment and economic order could be created.

During the 10 years of reform, to mobilize the initiative of the enterprises and localities, the state and the central authorities gave more decision-making power to them and allowed them to retain more profits. This was entirely necessary. However, as this was overdone, the ability of the central authorities to regulate and control the economy was greatly weakened. In view of this, during the period of economic improvement and rectification, a bit more centralization and more planning

have been emphasized. Central control has been appropriately increased and some temporary administrative methods for regulation and control have been adopted. This is also necessary. By adopting some emergency administrative measures, we can have more time to control the overheated economy and carry out further readjustment. But some people regard these administrative measures as the "restoration of the old structure." This is not correct, because correcting what has been overdone in past reforms does not mean reversing the orientation of reform. It is aimed at perfecting reform measures. When encountering serious economic difficulties, certain administrative methods are temporarily strengthened. This is also normal practice in the countries adopting the market system.

Reporter: How do you appraise the achievements of economic improvement and rectification?

Liu Guoguang: We should realize that economic improvement and rectification cannot be successfully carried out merely by strengthening administrative measures. For example, although commodity prices can be stabilized to a certain extent if government subsidies are adopted to control prices, financial deficits will thus be increased. This is detrimental to achieving an overall balance. Moreover, prices will be further distorted, which is detrimental to structural readjustment. As such an administrative method cannot be implemented for a long time, the purpose of economic improvement and rectification cannot be achieved either. Therefore, in the course of economic improvement and rectification, while adopting necessary administrative methods, it is also necessary to adopt some economic methods as far as possible. It is necessary to give consideration to some measures for further deepening reforms and to combine better planning with market and economic methods with administrative methods.

Up to the present, the achievements we have made in economic improvement and rectification are mainly those that can be easily seen, such as cooling overheated industrial growth and curbing skyrocketing prices. But some essential problems, such as structural dislocation and declining economic returns, have not yet been fundamentally changed. To solve those easy-to-see problems, quick results can be achieved by adopting mandatory administrative measures. But the essential problems which are deeply rooted in the economic mechanism cannot be solved merely by adopting administrative measures without changing and improving the mechanism. Therefore, as more essential problems have been exposed after those easy-to-see problems have been solved, we should gradually increase the proportion of deepening reforms while continuing to carry out economic improvement and rectification. This is an important task at present.

Reporter: On the current economic situation, people are apprehensive that the following two phenomena may arise: First, the continuous "cooling down" in the economy may affect our future development and social

stability. Second, if the temperature of the economy rises again when the economic structure has not yet been readjusted, new fluctuations may appear again. How do we prevent the occurrence of such phenomena?

Liu Guoguang: When we recall the past 40 years, we can see that our economy has never reached the ideal target of sustained, stable, and harmonious development. Instead, there have been great fluctuations in its development. In recent years, as the old illness has recurred, we have to use two or more years to carry out economic improvement. Some people in theoretical circles hold that there is a certain inevitability in the economic fluctuation and economic periodicity. Of course, it is normal that certain fluctuations may appear in the economic field within a certain range and there is periodicity in certain aspects of economic development. But it is by no means a law of economy or a normal phenomenon that there should be great fluctuations. What then are the reasons for the great economic fluctuations in our country? To sum up, there are two main reasons: mistakes in our policy, and defects in our mechanism.

Policy mistakes mainly refers to the guiding ideology of being overanxious for quick results and one-sidedly pursuing an excessively large scale of construction and high growth rate, disregarding our national conditions and national strength. Overheated brains result in an overheated economy. However, when it is difficult to curb the development of the overheated economy, the bearing capacity of the entire national economy, especially that of those most-affected departments, will drop to its lowest. Under these circumstances we are forced to adopt emergency economic measures. Thus, "great fluctuations" are unavoidable. Yet, when things have improved a little, brains become overheated again, and another round of great fluctuations appears. This was the main policy reason for the great economic fluctuations before and during the reform. The Fifth Plenary Session of the 13th CPC Central Committee corrected the guiding ideology of being overanxious for quick results, pointing out that it is necessary to establish a firm guiding ideology of sustained, stable, and harmonious development. This is a summation of our experiences in economic construction over the past 40 years, and we have paid a high price for it. It is a long-term policy for us, which should be implemented not only during the period of economic improvement and rectification but also after the basic completion of the tasks for economic improvement and rectification.

The defects in mechanism mainly refers to the inherent defects in the traditional and existing economic structures, which can result in overall swelling. It is not necessary for me to go into details now about the great desire for investment and other defects of the old structure. Since reform began, as a result of overemphasizing the policy of allowing enterprises and localities to have more decision-making power and retain more profits without the support of sufficient relevant reform measures, especially without various mechanisms of restraint

such as restraint by responsibility and by budget, and without a perfect and improved macroeconomic regulation mechanism, a situation has appeared in which power and responsibility do not match each other. On the one hand, the swelling mechanism in the microeconomic field has been strengthened, but on the other, the microeconomic self-restraint mechanism and the macroeconomic regulation and control mechanism have not been well developed. There has even appeared a "vacant place" in the development of the regulation and control mechanism: The traditional direct regulation and control measures have been negated too early before the new and indirect regulation and control mechanism is established and perfected. The macroeconomic regulation and control capability of the central authorities have been greatly weakened before the enterprises and localities have acquired the capability for self-regulation. This is the main cause of the overheated economy and disorder over the past few years. Obviously, all these can be gradually solved only by deepening reform in an all-round way and changing the economic mechanism.

By implementing the policy of economic improvement and rectification over the past year or so, the mistakes in our policies worked out some years ago have been gradually rectified, and the guiding ideology of sustained, stable, and harmonious economic development has begun to be established. However, we cannot ensure the long-term, sustained, stable, and harmonious economic development if we only have a correct guiding ideology. The defects in our mechanism should be considered and treated more seriously. This is because in the existing structures, just as mentioned above, there is still a mechanism of self-expansion, which can "rebound" at any time. After completing the tasks for economic improvement and rectification and before the effective restraint mechanism is perfected in the new structure, if administrative control is relaxed, it is possible that general demand may swell again. Even at present, in the course of economic improvement and rectification, due to the pressure of the temporary difficulties in various fields, we may also be forced to relax control, and the swelling may reappear. As a matter of fact, there is still a large latent demand in our country. If we overlook it, a new swelling may soon appear. To prevent the latent demand from changing into real demand and prevent the rebounding of the swelling mechanism and reappearance of a situation characterized by the swelling of general demand and an overheated economy, it is necessary to overcome mistakes in our guiding ideology and policies. At the same time, it is necessary to seize the opportunity of reform to promote mechanism reform and overcome the defects in various mechanisms. Only thus can we prevent another great economic fluctuation and bring our national economy into the orbit of sustained, stable, and harmonious development.

Reporter: Do you mean that under the current situation it is necessary to appropriately step up the pace of reform?

Liu Guoguang: Overcoming defects in various mechanisms should also be carried out step by step, and attention should be paid to making appropriate arrangements for the pace of reform. As was just mentioned, while continuing to carry out economic improvement and rectification, it is necessary to gradually increase the content of economic reform. Of course, in the period when our strength is concentrated on economic improvement and rectification, as the economic environment and order have not yet returned to normal, the pace of reform should not be too great. It should be carried out with the task of economic improvement and rectification as the center. Emphasis should be laid on stabilizing, enriching, readjusting, and improving the reform measures we adopted some years ago, such as various forms of the contracted responsibility system. However, as greater achievements have been made in the economic improvement and rectification, some major reform measures can also be taken when conditions are ripe. For example, we raised the contract purchase prices of grain, cotton, salt, and salt products last year. In particular, we raised by a big margin the prices of railway, civil aviation, and water passenger transport tickets last September and readjusted the foreign exchange rates last December. These measures might have aroused a chain reaction and aggravated price increases if they had been adopted some years ago when the economy was overheated. However, as people had expected price increases would be relaxed, the strict control over credit and money supply last year did not result in any violent reactions and fluctuations in the economic sphere. This shows that with the deepening of the economic improvement and rectification and the relaxation in the economic environment, it is not only necessary but also applicable to appropriately increase the content of economic reform. For example, we can make use of the trend of the buyer's market, which has appeared recently, to implement some reform measures which could not be implemented before due to the tight economic environment and the great pressure of inflation, such as price reform combining "readjustment" and "relaxation," the enterprise reform with separation of government and enterprise administration and separation of two powers as the orientation, and the reform of the financial, tax collection, and banking systems for the establishment of a new macroeconomic management system mainly characterized by indirect regulation and control. These reforms should serve the current economic improvement and rectification and must create conditions for long-term, sustained, stable, and harmonious economic development. After the tasks for economic improvement and rectification are basically completed, the pace of reform can be further accelerated.

At present, although the environment for economic reform has been improved, we still face many difficulties. While making efforts to control money supply, demand, and commodity prices, we are afraid that the market will be depressed and the speed of development will be affected. While loosening credit conditions to stimulate economic growth, we are afraid that excessive

demand may result in further price increases. While stabilizing and rationalizing commodity prices, we are afraid that prices may be further distorted and price increases may be aggravated. When the proportion of revenue in the national income is too low, many financial difficulties appear, especially in the central finance, but when the two "proportions" are increased to change this situation, we are afraid that the initiative of localities and enterprises may be dampened. For this reason, we must be very cautious in selecting reform measures and determining reform steps. Otherwise, we may not achieve a sustained, stable, and harmonious development of the national economy, and it may even spell an end to the relatively relaxed environment which has appeared since economic improvement and rectification and ruin the achievements of economic improvement and rectification.

Reporter: It seems that it is extremely necessary to handle well the relationship between economic improvement and rectification, deepening reform, and economic development.

Liu Guoguang: That is right. At present, maintaining stability in our state and society is an overriding task and a matter of prime importance. A steady economic development is the foundation of political and social stability. We must maintain both short-term and long-term stability. However, there are also contradictions and mutual relations between short-term stability and long-term stability. We must do a good job in harmonizing and linking the two. The difficulties in our current economic life are often expressed in the contradictions between certain measures for short-term stability and certain measures for long-term stability. For example, freezing commodity prices is aimed at maintaining stability at present, but it is harmful to long-term stability; and "shutting down, suspension, amalgamation, or switching" is conducive to maintaining long-term stability but may result in instability in the present stage. Many contradictions, such as those between austerity and relaxation, between stabilizing prices and rationalizing prices, between curbing inflation and changing the situation of low-rate growth, and between accumulation and consumption, are related to the contradiction between short-term stability and long-term stability. Correctly handling the relationship between short-term stability and long-term stability means correctly handling the relationship between economic improvement and rectification, deepening reform, and economic development. Economic improvement and rectification is aimed at achieving economic stability and creating a relatively relaxed economic environment for reform and development. Deepening reform is aimed at providing better structural conditions for a sustained, stable, and harmonious economic development. Only by promoting stability with reform and seeking development under a stable situation can we achieve long-term and reliable stability. Therefore, we must never separate economic improvement and rectification and deepening reform from economic development. Instead, we must link

them and promote their development under a stable situation so that our economic movement can gradually develop in a benign cycle.

Judged from a long-term point of view, both deepening reform and economic improvement and rectification must serve economic development and help create conditions for sustained, stable, and harmonious economic development. However, in different stages, we must lay stress on different tasks in the three fields. In the next two years, the task of achieving an overall balance and the task of structural readjustment are still very important. We must put economic improvement and rectification in first place and reduce somewhat the growth rate of the gross national product. In two or three years, when the economic environment is further improved, this growth rate can be slightly increased. Then, the tasks of optimizing structure and increasing returns will be placed in a more important position. Improving structure and increasing returns will also be a main problem in our economic development in the 1990's. To attain the strategic target of quadrupling output value by the end of this century, the main problem is not growth rates and quantity, but quality and structure. Only when the structure is improved and economic returns are increased can there be good quality and great momentum in economic development.

I am convinced that through economic improvement and rectification in the next three or more years, a stable and relatively relaxed economic environment will surely be created in our country, which will provide conditions for gradually increasing the content of reform during the Eighth Five-Year Plan. On the other hand, with reform being deepened, the obstacles for economic stability and development will be cleared away and a situation of sustained, stable, and harmonious development will surely appear in the national economy.

Liu Guoguang Hits Competing for Foreign Business

*HK0108015590 Hong Kong TA KUNG PAO in Chinese
28 Jul 90 p 2*

[Dispatch: "Liu Guoguang, Vice President of the Chinese Academy of Social Sciences, Warns Against Competition Among Localities in Giving Foreign Businessmen More Special Inducements"]

[Text] Guangzhou, 27 Jul—While attending an academic seminar in Guangzhou today on the integration of planned economy with market regulation, Liu Guoguang, vice president of the Chinese Academy of Social Sciences, made a speech, pointing out: After the central authorities put forward the policy of developing Pudong, local competition for extending special preferences to foreign businessmen appeared.

Liu Guoguang said that as far as he knows, the central authorities have been paying close attention to this trend. With respect to the latest development of the situation, a top government official of the State Council recently pointed out: "The different localities should

judge the timing, size up the situation, and act according to their ability, rather than stretching out blindly." Liu Guoguang was of the opinion that this is another kind of "overheatedness." Over the past few decades, there has always been a phenomenon of rushing headlong into mass action and breaking up in a hubbub at key stages of economic development in the interior.

He made these remarks when discussing the problems of appropriate preferential policies and regional development. He also pointed out: Our policy toward the key investment locations, in the coastal areas or inland regions, has vacillated many times over past years, leading to losses. This is caused by the inappropriate handling of the relationship between appropriate preferential policies and regional development.

In his opinion, by giving regional compensation, we can overcome competition among one another and resolve the situation of the splitting up of the national market. Our concrete idea is that the coastal development zones should aim at the international market, with the focus on inducing foreign investment for the development of major export products, while the western and central regions should concentrate on rough processing and the eastern regions on intensive processing in coordination with the coastal regions. After achieving results, part of the funds will be returned to the central and western regions as compensation for their contributions to development.

However, the policies of giving preferential treatment to particular industries and regions do not look ideal in their execution. Liu Guoguang said that there is a difference between the two. Inducements along the coastal regions should be directed at high technology and export industries, so that the interior striving for relevant policies will use the strong points of the coastal regions for reference and avoid causing policy disputes and contradictions.

Liu Suinian Views Integrating Market, Planning

*HK0308061590 Beijing JINGJI RIBAO in Chinese
18 Jul 90 pp 1, 2*

[Article by Liu Suinian (2692 7151 1628), Minister of Materials: "The Essence Is To Combine Macroeconomics and Microeconomics"]

[Text] The key to deepening and improving economic management reform lies in studying and resolving the issue of organically combining the planned economy with the regulatory role of market forces.

How To Correctly Understand the Planned Economy

In the past 40 years since the founding of the PRC, we have made achievements acknowledged by the whole world through practicing the planned economy. Practicing the planned economy is an inevitable choice we must make. However, because we lacked experience, we made many mistakes in the aspects of understanding the

planned economy and in the methods of practicing the planned economy. There were three main mistakes: First, the planned economy was considered an economic system in which all economic activities must follow the unified mandatory state plan. As a result, enterprises' management power and interests and the law of value were neglected, enterprise activities were rigidly controlled, and the economy lost its vigor. Second, there was no scientific and democratic policy-making procedure for the formulation of some major economic development strategies. As a result, many errors existed in the policy decisions and caused not only economic losses of several billion yuan but also some people's doubt about the superiority of the planned economy. Third, some comrades negated the necessity of keeping the economic balance, and this in fact meant that they negated the basic requirement of the planned economy.

To sum up the experience in our socialist economic construction in the past 40 years, we should continue to maintain the planned economy and bring its superiority into full play. First, we must be clearly aware that the formulation of an economic plan is aimed at ensuring the gross quantitative balance and structural balance of the national economy and ensure the relative financial, credit, material, and foreign exchange balance within a certain period. Deficits should not be allowed to exist for a long time. At the same time, a generally harmonious ratio should be kept between industry, agriculture, and various economic sectors and between the productive sector and the sector of culture, education, and national defense so that the two sides can promote each other. In a certain period, priority should be given to the development of some weak links, but this should not continue for too long a period and there should be no lopsided stress on any particular economic sector. Second, in order to ensure the correctness of the major economic policy decisions and to prevent the appearance of major errors in the decisions concerning the development orientation, the development strategies, and the major projects, we need to establish a set of scientific and democratic decision-making procedures, and should prevent the subjectiveness and haphazardness of officials in charge of making decisions. Third, plans should be based on fully arousing the initiative of enterprises and workers, on the law of value, and on the correct handling of relations between the state, the enterprise, and the worker. Good methods and means should be chosen to fulfill the plans. While maintaining some necessary mandatory plans, we should increase the use of economic levers in regulating the economy.

How To Approach the Regulatory Role of Market Forces

In the past, we were afraid that market forces would give rise to capitalism and also feared that if price control was relaxed, prices would rise and affect economic stability. Since reform began, the prices of some products have been gradually decontrolled, and the market for the means of production has been substantially developed. We have also drawn benefit from market regulation. The

variety of products was enriched; product quality was upgraded; the initiative and enthusiasm of all kinds of enterprises, especially small and medium-sized enterprises, township and town enterprises, and businesses owned by individuals, rose to an unprecedented high; and all this greatly promoted economic development.

However, some problems also appeared along with economic development. For example, some new productive projects were started in an ill-planned way, and cases of duplicated production and construction at a low level increased. This caused the waste of resources in society. Import and export trade could not be conducted in a well-coordinated way according to the domestic supply and demand conditions. In some cases, the same products were imported by one province and exported by another province at the same time, and losses were incurred by the whole country. In addition, the market conditions were often disorderly, as there existed two pricing systems and two types of goods supplied through different channels at the same time. The prices of many products seriously deviated from their value, and often produced some misleading effects on economic operation. The integrated system for market management and market control had yet to take shape, and this also provided opportunities for some people to take advantage of the loopholes in market management. Aside from a certain degree of blindness in market regulation, these problems could mainly be attributed to such factors as the serious imbalance in the macroeconomic structure, the confusion between the government's functions and the enterprise's functions in the matter of economic management, the ill-coordinated condition between different departments, the division of financial quotas to different localities and departments, and the appearance of the so-called "feudal lord" economy. These factors all hindered the forming of a unified socialist market.

Through economic improvement and rectification in the past year, the gross quantitative imbalance in the national economy was somewhat corrected, but some phenomena unfavorable to the development of the market continued to appear. For example, some localities prohibited material distributing and dealing institutions in the same city from selling and buying materials, prohibited the separation of commodity circulation from material distribution, and prohibited transregional material exchanges. All such activities were regarded as speculation. They also prohibited the practice of using profits to cover up losses in commercial activities and prohibited the sale of materials outside the state's distribution plan at market prices. As a result, the positive regulatory role of the market forces was restrained, and the normal circulation was affected.

In fact, market regulation is a double-edged sword. In order to correctly bring its positive role into play and to restrain its negative role, the key lies in creating a benign economic environment. Apart from ensuring a general balance between gross social demand and gross social supply, the pricing system in the circulation of the means

of production should be gradually changed from a double-track system into a single-track system in good time so as to reduce the frictions between the two different pricing systems and the two commodity supplying channels. It is necessary to improve the management of the materials distributed according to mandatory plans, and the central link is to act according to the law of value. There are also important materials among those beyond the control of mandatory plans. The scope of products being marketed by the manufacturing enterprises themselves should be gradually expanded under the guidance of the state. It is necessary to develop more circulation channels with the state-owned commercial institutions playing a dominating role. The reform orientation of developing a planned commodity economy should be maintained, and the function and power of the administrative department for directly managing the distribution of materials should be gradually reduced so that circulation can be socialized and modernized. The formulation of the market management rules should be completed quickly. Circulation barriers between localities should be removed. Departmental monopoly should also be broken. A unified socialist market should be gradually established on the basis of protecting legal trade and fair business competition.

How To Realize Integration of the Planned Economy With the Regulatory Role of Market Forces

In my opinion, in socioeconomic development, the main function of the planned economy is to solve the issues concerning the macroeconomic quantitative and structural balance and the overall economic development orientation, while market regulation is mainly aimed at facilitating the microeconomic activities of the enterprises in their production and in buying raw materials and selling products, thus coordinating and adjusting their interest relations. Therefore, both the planned economy and the regulatory role of the market forces should cover the entire economy and exist in all sectors of society. If the economic movement is divided into two parts, with one being the planned economy and the other being the market economy, then the "combination" of such two parts may not be a scientific mode. Therefore, in my view, the essence of the combination of the planned economy with market regulation is the combination of macroeconomic management with microeconomic adjustment.

While the two sides operate according to their own requirements, they should also be closely coordinated to jointly promote economic development. Macroeconomic management should promote and facilitate the microeconomic activities, prevent the blindness of the microeconomic activities, and reduce the negative effects of the market forces to the minimum. Microeconomic operation should follow the law of value, rely on the workers' enthusiasm and the enterprises' initiative aroused with various economic levers, and thus developing the productive forces. At the same time, in the

course of development, the microeconomic initiative should be brought into line with the macroeconomic requirements.

To properly combine the planned economy with market regulation, we should give full consideration to the enterprises' initiative when formulating a plan, and try to maintain a relative balance between gross supply and gross demand and maintain a basically reasonable economic structure and regional distribution in the plan. On the other hand, we should also formulate other concrete policies and measures needed in the implementation of the macroeconomic plan.

Gross quantitative balance, a reasonable structure, and basic price stability are the prerequisites for ensuring stable and harmonious economic development and ensuring the enterprises' normal economic activities. Therefore, we should make great effort to strengthen and improve the planning work, especially the formulation of long-term and intermediate-term plans. This is because the gross quantitative balance is based on the structural balance, and the structural balance cannot be achieved through one yearly plan.

Enterprises' production and business operation will mainly be conducted through the markets. Therefore, it is necessary to develop markets under the guidance of the perfect planning mechanisms, and the markets should include the market for capital goods, the market for consumer goods, the finance market, the labor market, and the science and technology market. In the field of the circulation of the means of production, we may draft the initial outline for the development of the market for capital goods under the guidance of the state plans:

—A multi-channel circulation system with the state-owned material handling enterprises as the main body should be properly organized. At present, there are four major circulation channels: First, the purchasing and marketing activities of large enterprises and enterprise groups are mainly handled by their own purchasing and marketing organs. These enterprises normally need to procure large quantities of raw materials of special standards, and some of their products are in fact intermediate products needed inside these enterprise groups for the production of their end products. So if these large enterprises and enterprise groups handle their own purchasing and marketing activities, they can achieve better economic results. Second, the state-owned material distributing enterprises can be responsible for organizing the supply of ordinary materials for a large number of small and medium-sized enterprises. Third, the sundry materials and goods needed in the production of small commodities by urban and rural collective enterprises or needed by residents in their daily lives are beyond the control of the state-owned material distributing enterprises, and they can be handled by some commercial institutions owned by collectives or individuals, or be sold on a commission basis by state-owned material distributing

enterprises. Fourth, the purchasing and marketing organs of the departments in charge of production can still play a certain role when the state-owned material distributing enterprises are still not strong enough. However, the former will only deal in some special materials to meet the needs of the enterprises subordinate to these departments. The first channel will develop as the number of enterprise groups will increase; the second channel will grow stronger as they have advantages and they are supported by the state policy, and will gradually replace the third and fourth channels. This may become a general development trend. That is to say, in order to meet the needs in socialized mass production, circulation also needs to be socialized. This thus requires the gradual realization of circulation modernization, including the modernization of material distribution, commodity exchanges, and information exchanges. Some maladies in the circulation channels should be overcome with the adoption of effective economic measures.

—It is necessary to make an effort to relatively stabilize the relationship between production and demand from both the aspect of production and the aspect of marketing. In the aspect of production, the division of work and cooperation in social production should be kept relatively stable, and the production structure and the product structure which are suited to the needs in production and the people's daily lives should be established. This will lay a relatively stable foundation for regulating production-demand relations in the field of circulation. In the field of marketing, the material distributing enterprises should try to stabilize supply, establish relatively stable resource bases and marketing bases. This will not only help the producing enterprises to acquire a stable market for their products, but will also ensure the supply of products for user enterprises. On this basis, the methods of communication order placing and futures trade can also be adopted. At present, order-placing meetings and cooperation meetings on various scales are frequently held. This is not a good method and should be changed.

The issue of prices should be settled. The implementation of the economic plans and the exercise of market regulation both require the proper settlement of the problems caused by the double-track pricing system. It is necessary to gradually change the pricing system for the means of production into a single-track one. That is, the prices of important products, such as coal, electricity, and railway transport, should be fixed by the state authorities, but they should be regularly adjusted according to the law of value. The prices of ordinary commodities should be decontrolled and adjusted by market supply-demand relations. The price structure should be rationalized. There should be regional, seasonal, and qualitative differences in the price of the same product, but the main point is to control the price level on the basis of market regulation. Subsidies should be reduced to the minimum. In the long run, price subsidies should be gradually replaced with a new price structure

that ensures reasonable profits. Otherwise, the state will have to shoulder heavier and heavier burdens, and the normal economic cycle can never be effected.

It is necessary to formulate a series of management rules to protect legal business operation and normal competition, to prevent monopoly, to ban illegal and irregular transactions, and to maintain the normal market order. After the rules and regulations are formulated, we should still have to solve the issue concerning their validity, and should bring economic operation into line with the legal system.

It is necessary to pay more attention to the feedback of the market information. Plans should be continuously revised and the economic policies should be adjusted in good time according to the changing market conditions so as to more effectively guide the economic operation.

In short, it is necessary to gradually establish a macroeconomic control system which combines the planned economy with market regulation. In the operation of the socialist economy, the planned economy will mainly give macroeconomic guidance, control and adjust the economic operation; while the market forces mainly play a regulatory role in the microeconomic field. Both serve the same purpose of developing the social productive forces. In practice, the planned economy mainly represents the overall and long-term national interests, and it not only reflects the law of value but also, and more importantly, should reflect the law of planned and proportionate development. Although in many cases, market regulation will bring the economic operation into line with the macroeconomic requirements, as it reflects the law of value, it will mainly represent the partial and immediate interests of the enterprises. Therefore, there will inevitably be a certain contradiction between the planned economy and market regulation. As we often discover, some microeconomic activities in market regulation are not in keeping with the macroeconomic requirements and deviate from the targets of the planned economy. This thus requires us to consider how to establish a macroeconomic regulation and control system to coordinate the two sides.

According to our historical experience and present conditions, two questions should be first resolved in order to establish a macroeconomic regulation and control system that can properly combine the planned economy with market regulation in the market for capital goods. First, it is necessary to adopt some relevant policies to increase the strength of the state-owned material enterprises which constitute the "main circulation channel." Through expanding their market share, they should have a greater capacity of storing goods in order to regulate the market according to the changing conditions of supply and demand. Second, it is necessary to strengthen various regulatory levers and coordinate the application of such means as planning, import-export policy, pricing, credit, taxation, exchange rate, interest rate, and industrial and commercial management, thus gradually

forming an efficient and effective macroeconomic regulation and control system. As present, some departments and localities merely use such regulatory means for their own interests. No authoritative institution can play a coordinating role on many major issues. As a result, the quarter concerned only argue endlessly with each other over some longstanding problems and cannot make a decision on their settlement. If this state of affairs is not changed, it will be very hard to bring about the combination of the planned economy with market regulation.

Local Economic Protectionism Criticized

HK0308095690 Beijing RENMIN RIBAO in Chinese
30 Jul 90 p 2

["Economic Jottings" by Chen Shizeng (7115 0013 1073): "Remove the Fences"]

[Text] Local economic protectionism is intensifying. Some localities, one after another, have set up "fences." They limit the amount of non-local products that flow into their markets and arbitrarily give orders to sell local products. One city went so far as to have its law enforcement department set up checkpoints and arrange patrols to defend its "fence."

These mushrooming "fences" can do nothing but encourage poor quality and strangle good quality. Good products need no protection through administrative means. Driving out good non-local products and leaving the market to the localities themselves through administrative means is only necessary for outdated, inferior, overpriced, and uncompetitive goods.

Such separation and blockade tactics inhibit the economic, technological, and resource advantages of various economic regions and are detrimental to the full utilization of existing industrial equipment, technological capacities, and resource advantages. For example, if you check the transfer of your local resources to other places, we will do the same for the technological support we provide you; if you ban the import of our sure-to-sell products, we will do the same to your high-quality and famous-brand products. If this situation is allowed to continue, the originally developed inter-regional lateral economic cooperation will fall to pieces and it will be difficult to form a large, socialist, unified market.

The practice of local economic protection also makes it hard to accomplish the task of economic restructuring. If each locality resorts to administrative means for protecting its own economic situation, the distorted economic structure will gain some rigidity: what is supposed to be limited cannot be limited; what is supposed to be eliminated cannot be eliminated; and what is supposed to be developed cannot be developed. Local protectionism seems to provide protection for local interests. However, it does no good for the long-term development of the locality concerned. It only protects immediate interests. In the face of the weak market, if help is given to enterprises in transforming pressure into motive force and effort is made in readjusting the

structure and enhancing enterprise quality, enterprises will be more adaptable. Not only will they be able to tide over the present crisis, they will also lay a foundation for future development. If the opposite is the case, that is, if protectionism continues, enterprises will be more dependent and less competitive and will eventually be victimized. Because the market is full of competition, protective measures can never be permanently effective. The waves of competition in the market never spare the feelings of non-adaptable enterprises.

Local economic protectionism is a source of much harm. Let us pitch in and remove the fences.

Balancing State, Enterprise Management Functions

HK0108084590 Beijing JINGJI CANKAO in Chinese
13 Jul 90 p 1

[Article by Lin Nan (2651 2809): "Each Should Take His Place in Exercising Macroeconomic and Microeconomic Control—Eighth Discussion on Current Economic Phenomena"]

[Text] "The government manages the macroeconomic affairs, and the enterprise manages the microeconomic affairs." This has been emphasized for many years. However, there were still various deviations in practice. At present, it is not a rare case that macroeconomic and microeconomic management is conducted by the wrong entities in our economic life.

In many localities, the local governments and the departments concerned attend to many concrete microeconomic affairs. For example, they care about the monthly output value, the economic results, the product sales, and the quantity of raw materials and the amount of funds needed in a certain factory. Such concrete microeconomic management has almost become the routine work of the government department concerned. Many government departments make great efforts to help enterprises solve concrete problems and even handle concrete affairs on the spot. For example, they help the enterprises procure several tons of cotton or obtain a loan of several ten thousand yuan. Comrades in the government departments were aware of what they did, and said: "We knew that we just tried to treat the head when the head aches and treat the foot when the foot hurts, but this was still better than giving no treatment." In addition, the upper department also had to take care of overtime pay, employment of temporary workers, and the concrete form of sales expenses in an enterprise.

An enterprise always faces current market changes and economic adjustments. What the factory manager should first deal with is the major issues concerning the enterprise's future development orientation and organizational structure. I met many responsible and enterprising factory managers who went to great pains to consider such questions and seek solutions. However, they were situated in a microeconomic position and had to deal with many routine management affairs every day. It was hard for them to handle in a comprehensive way such

questions concerning the macroeconomic policies. Even if they had certain ideas and tried to do something, the matter would always go beyond the capacity of a single enterprise and a single enterprise manager. So the factory managers hope that the government and department in charge will give them more guidance and assistance in mastering the macroeconomic orientation and grasping the tendency of overall economic development in the next stage.

The governments and the departments in charge should act as a commander-in-chief who devises strategies, and should work out a long-term strategy for the adjustment of the industrial distribution and the economic structure in a large area over a long time and outline the future economic development tendency for their subordinate enterprises.

Thus, the enterprises will be able to identify their own positions and development targets in the macroeconomic framework. However, such macroeconomic guidance is obviously ineffective. When the enterprises tried to find an answer about how to adjust the production orientation in the upper departments concerned, the reply they could hear was: "We also cannot foresee things accurately, so you'd better find out the tendency you want to know by probing into the market conditions." No wonder some factory managers said: "Didn't this mean that enterprises would have to take care of the macroeconomic policies?"

There should be no ambiguity on the management functions of governments and government departments in charge and the management functions of enterprises. At present, a noticeable fact in reality is that many government departments are more familiar with the work of exercising direct management over enterprise operation, and they are not accustomed to the work of controlling the macroeconomic orientation. At the same time, such economic levers as taxation, credit, and pricing are mainly concentrated in the hands of the central authorities, and the local governments have very limited room for maneuver in employing these economic levers. So some government departments feel that they can do very little in macroeconomic management and it is more practicable for them to exercise microeconomic management.

However, to effect a benign cycle in economic operation, the government and the enterprise should not replace each other in performing the functions of the other side. Some economic workers and economic researchers told me that in order to consolidate the marked results achieved in the economic improvement and rectification and reform, an important issue is to strengthen and improve the government's macroeconomic control mechanisms. In fact, many macroeconomic problems which are plaguing the enterprises need to be solved by the governments.

For example, in the course of adjusting the industrial production structure, how should various localities, in

light of the national industrial policy, change the situation in which they all vied with each other in developing processing industries in a hubbub, thus forming similar economic structures in different localities at the same time?

How should the local governments promote the establishment of enterprise groups and guide their development in intensive and sophisticated management?

How should the local governments flexibly adjust their concrete measures in light of actual conditions when resolutely implementing the central principles and policies?

How should the local governments strengthen their coordinating role among various economic sectors to make harmonious development and prevent the inharmonious development of various economic departments while controlling the price index, reducing the number of enterprises being closed down permanently or temporarily to ensure social stability, increasing financial revenue, adjusting the industrial production structure, and enhancing economic results?

Of course, to give effective macroeconomic guidance to the enterprises, the local governments should first overcome the mentality of merely caring about their local interests without regard to the overall national situation. On the other hand, a certain room for maneuver in exercising economic control should be given to the local governments. This is thus related to the issue of appropriately dividing the macroeconomic management power among the authorities at different levels. If the power is excessively decentralized, an inharmonious situation in which each goes its own way may appear and economic activities may go out of control; but if economic control is excessively centralized, actions and reactions may not be made flexibly in good time.

It is gratifying that many local governments have recently taken the initiative to exercise macroeconomic management in light of their local conditions while resolutely carrying out the central policies for economic improvement and rectification and for deepening reforms. For example, Shanghai took firm steps to expand its foreign economic relations, thus bringing its enterprises to the international economic stage. The municipality greatly supported the development of the automobile, electronics, and metallurgical industries, and explored a new road for establishing enterprise groups. Shandong paid attention to coordinating the development ratios and development speeds between the raw material industry, the processing industry, and agriculture, thus ensuring the sustained momentum of economic development. Zhejiang tried to change the old economic structure characterized by "small scale and comprehensive, scattered, and extensive management" into a new structure characterized by "small scale and sophisticated, specialized, and associated management." Fujian adopted a series of measures for attracting more foreign and Taiwan investments and expanding the scale

of opening up. All this greatly inspired and effectively helped local enterprises, enabling them to see bright prospects for overcoming the current difficulties and developing to a higher level.

Wu Wenying Proposals for Textile Industry Growth

OW0108135090 Beijing XINHUA Domestic Service
in Chinese 2309 GMT 21 Jul 90

[By RENMIN RIBAO reporter Li Qian (2621 5409) and XINHUA News Agency reporter Li Shengqi (2621 0581 2475)]

[Text] Beijing, 22 Jul (XINHUA)—It is necessary to take the favorable opportunities arising from implementation of the economic retrenchment policy to transform the textile industry from one that emphasizes production speed, relies on material investment for better output value, and practices extensive management to one that emphasizes economic effectiveness, relies on scientific and technological advances for better output value, and practices intensive management. This is the basic concept for bringing industry out of its current slump onto a new stage that Minister of Textile Industry Wu Wenying recently propounded at a forum of heads of textile industry departments.

Wu Wenying said: China's textile industry has encountered unprecedented difficulties since the second half of last year. While output value and foreign exchange earnings increased by 1.96 and 4.8 percent in the first half of the year, economic effectiveness has declined sharply and more enterprises have experienced losses. A survey of 40 large and medium cities shows that losses have been experienced industry-wide in 12 cities. At present, the country's textile industry has reached a critical turning point in its development. On the one hand, the industry's production is at its lowest. On the other hand, the implementation of the economic retrenchment policy has provided opportunities for the industry to elevate itself to a new stage. Therefore, in our effort to break free of the current straits, we should not just concentrate on the current situation. Instead, we should be farsighted in implementing economic retrenchment and deepening reform. She said: Today, textile technology is advancing rapidly and competition on the international textile market is becoming increasingly acute. On the domestic front, as cheap materials and labor become harder and harder to come by, the need to adjust the industrial structure, develop products that have higher added value, earn more foreign exchange, are more efficient, and enjoy better economic effectiveness, and transform the industry into one with better economic effectiveness becomes ever more urgent.

In light of that, Wu Wenying suggested the following four basic ideas for realizing the transformation.

—It is necessary to rely on science and technology to develop products that have higher added value, earn more foreign exchange, are more efficient, and enjoy better economic effectiveness. In other words, we

should set our sights on better economic effectiveness. In the past, China's textile industry has been able to increase its output value mainly by way of increasing the quantities of its production factors. At present, the country has a total of 35.6 million cotton spindles, one-third of which are antiquated. It also has an excessive capacity for preliminary and technically low processing in contrast to an inadequate capacity for sophisticated and highly technical processing. As a result, economic effectiveness continues to decline in spite of efforts to increase investment in production factors. In the future, we should control the industry's processing capacity and allow no more new cotton mills to be built during implementation of the economic retrenchment policy. We should accelerate the pace of technological advancement and transformation in existing enterprises and apply high technology to develop new varieties of products, raise product quality, increase added value, and earn more foreign exchange. We should concentrate our efforts on building a number of large chemical fiber complexes to boost the industry's staying power.

—It is necessary to adjust the structure of the textile industry and make the most efficient use of resources. At present, marked similarities in product mix, technology, facilities, and production structure can be found among the textile industries of different localities. As a result, low-level, blind competition takes place among localities, resources are not wisely utilized, and there is poor economic effectiveness. Textile industry should break up the boundaries of administrative divisions and launch regional division of labor and cooperation. In the future, old textile bases in large and medium coastal cities should develop intensive and export-oriented economy and adjust the industry's structure in urban areas, relinquishing the production of a number of goods requiring only preliminary processing to raw material-producing localities, and concentrating efforts on developing products requiring delicate and sophisticated processing and having higher added value. The purpose is to achieve a reasonable division of labor between coastal areas and raw material-producing localities so that they can complement each other.

—It is necessary to adjust the organizational structure of enterprises to form large-scale-operation economy. In the course of implementing the economic retrenchment policy and deepening reform, it is necessary to guide enterprises qualified for the industrial policy to merge other enterprises to form enterprise groups. Comprehensive group companies known for brand and high-quality products that extend their operations beyond the limits of their respective industries and regions and that handle both production and marketing should be established in a bid to develop large-scale-operation economy. Such companies will be able to take advantage of their strong points as a group to reduce costs and enhance their capabilities in scientific research, developing new products, production, and management. This will enable them to

compete with large foreign enterprises. It also is necessary to explore ways to establish a gauze market and provincial-level cotton exchange markets in cotton-producing areas.

- It is necessary to further implement the strategic policy emphasizing exporting and earning foreign exchange as the way to get ahead, to promote the development of the industry. It is necessary to further carry out the open policy and promote international, technological, and economic exchanges and cooperation on a more extensive, higher-level, and larger-scale basis. It is necessary to adopt a liberal, tolerant attitude in supporting coastal areas in their efforts to

explore ways for "importing raw and semi-finished materials and re-exporting the processed products" so as to earn more foreign exchange. It is necessary to further perfect the export agency system and the system of granting export rights to enterprises and gradually establish a textile export system that can adapt itself to the fast-changing international market. Conditions permitting, localities should try to set up plants overseas, gradually develop multinational textile companies, promote international economic cooperation overseas, and establish international information and marketing networks, so as to form an export-oriented textile economy that can effectively compete in the international arena.

East Region

Fujian Holds Meeting on Eliminating Malpractices

HK0208120290 Fuzhou Fujian Provincial Service
in Mandarin 1000 GMT 1 Aug 90

[Text] Yesterday, the Fujian Provincial Discipline Inspection Commission, the Political Structural Reform Office under the Fujian Provincial CPC Committee, the Fujian Provincial Supervision Department, and the Fujian Provincial Organs' Work Committee jointly held a meeting to examine and discuss clean government-building work of the Fujian Provincial Communications Department, the Fujian Provincial Public Security Department, the Fujian Provincial Industry and Commerce Administrative Bureau, the Fujian Provincial Public Health Department, and the Fujian Provincial Electricity Bureau.

All the participants at the meeting exchanged experiences in carrying out work aimed at building a clean government and studied and formulated specific measures aimed at straightening out all types of malpractices in the above mentioned provincial departments.

The meeting revealed that over the past two years, the aforementioned provincial departments have extensively carried out clean government-building and achieved marked results in their work. Now malpractices relating to business license issuance, electric meter and lamp installations, examination and approval of applications for going to and settling in Hong Kong and Macao, examination and approval of applications for going to study abroad, and so on, have basically been eliminated.

Nevertheless, as a result of a variety of reasons, some malpractices still continue to exist in the aforementioned provincial departments. Malpractices, such as indiscriminately levying charges, fines, and apportionments, and so on, are still prevalent in some parts of Fujian.

Zhao Xuemin, member of the Standing Committee of the Fujian Provincial CPC Committee and concurrently secretary general of the Fujian Provincial CPC Committee, attended the meeting and joined all the participants in studying, discussing, and formulating measures aimed at promoting clean government-building in the aforementioned provincial departments.

Comrade Zhao Xuemin demanded that all comrades concerned in Fujian make continued efforts to straighten out all types of malpractices, carry out investigations into major and serious corruption cases which have caused strong resentment among the broad masses of people, punish cadres who seek private gains by abusing their power, carry out education on building a clean government, carry out ideological and political work among the broad masses of cadres, establish a system aimed at supervising and examining clean government-building work, expose problems, solve problems,

strengthen inner-party supervision mechanism, and promote clean government-building work in a down-to-earth manner in order to win the trust of the broad masses of people.

Jiang Chunyun Visits Flood-Afflicted People

SK0208084890 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 31 Jul 90

[Text] On 30 July, Jiang Chunyun, secretary of the provincial party committee, and his entourage came to the dangerous sections and areas along the Huang He to inspect the flood-control work and walked along the edges of fields despite the muddy road to view the rural disaster situation. Risking a possible house collapse, they paid comfort visits to the disaster-afflicted cadres and people. During his inspection tour, he urged the localities to regard the work of preventing and combating floods as well as of combating the disaster and carrying out disaster relief as a priority and overriding task for the next 20 or 30 days and to do a good job in firmly conducting the work.

In the early morning of 30 July, Jiang Chunyun came to the Jinan section of the large embankment along the Huang He and carefully inspected the preparation of materials used for combating floods and the implementation of the system of having cadres be responsible for flood control. At the Gaijiagou flood-prevention headquarters, Jiang Chunyun said to the responsible comrades that the province's work emphasis in flood control should be put on the province's section along the Huang He. Therefore, all fronts along the section should be strictly watched or guarded. Our emphasis in the guarding work should be put on the river mouths and crossings in the localities of Dongming, Dongping, Luokou, and Hekou. At present, areas on both banks of the Huang He are densely populated and flourishing economically. Losses caused by incidents in these areas are beyond estimates so, it is necessary for us to implement in an overall way the leading personnel responsibility system in this regard and to do a good job in unremittingly preventing floods along the Huang He.

After departing from the large embankment, Jiang Chunyun went directly to Jining Township in Laoling City to visit the flood-afflicted people in the villages of Niujia, Xiku, and others. Upon hearing about the collapse of 15 farm houses in Niujia village, Jiang Chunyun, risking his life, entered the house of (Sun Qifeng), age 74, to extend greetings to him and to make detailed inquiries. When he saw that the fellow villagers were busy rebuilding the old man's house, Jiang Chunyun firmly held the old man's hands and said: Don't worry, granddad, you have the party's leadership, collective, and neighbors behind you. Upon hearing about the visit paid by the secretary of the provincial party committee to the village, all villagers surged into the street to meet Jiang Chunyun who was standing in the silt and water and who said: Fellow villagers, I on behalf of the provincial party committee and the provincial People's Government came here to

extend regards to you. Following the disaster, only by uniting as one and fostering confidence can you rebuild your houses and plant autumn crops on your flood-stricken farmland. All of these difficulties can be totally overcome. The villagers were deeply touched by his speech and said that they must be self-reliant to overcome the difficulties because the party and government have shown such concern for them.

On the afternoon of 30 July, Jiang Chunyun passed by the Mengsi Township in Linyi County of Dezhou Prefecture. Upon seeing peasants digging drainage ditches in their farmland and draining their flooded fields, he entered the fields to inquire about the disaster situation and the methods of combating the disaster and carrying out disaster relief. Upon hearing that cadres and the masses in this area are not afraid of difficulties cropping up in the serious disaster and are determined to make up for the decrease of grain output by producing vegetables and to make up for the agricultural losses by developing industrial and sideline production, Jiang Chunyun praised them by saying that although they have faced this serious disaster, they are carrying out many methods and will score good results. He urged various localities to summarize the methods and experience gained by these cadres and people in this area and to extensively spread their experience.

In the evening of that day, Jiang Chunyun, after the whole day's bustle, also held an important talk with the leading cadres of the disaster-stricken areas, in which he stated: Some localities have suffered a serious disaster but their measures to carry out disaster relief have been effective and the results scored by them from their measures have been obvious. Only by making efforts will they certainly be able to reduce their losses. Jiang Chunyun stated: During the disaster, facts have shown that the capability of combating disasters has been greatly upgraded thanks to the farmland capital construction conducted over the past many years; that the party and government have been strong and powerful, enjoyed high prestige, and been able to lead the masses to overcome various difficulties; that the socialist systems are superior to others, the cadres' ranks are good, and cadres are able to come out boldly to serve the people who need them most; and that the masses are totally able to overcome all difficulties.

Shanghai Promotes Sophisticated Technology

OW0308082690 Beijing XINHUA in English
0745 GMT 3 Aug 90

[Text] Shanghai, August 3 (XINHUA)—Shanghai, China's largest industrial base, is promoting sophisticated technology.

According to the municipal authorities, as early as in 1987 the city worked out a regulation to give priority to the development of micro-electronics, computer science, optical fiber communications, bioengineering, robots, laser technology and new-type materials.

These new industries generate an output value totalling two billion yuan (about 426 billion U.S. dollars) a year accounting for two percent of the city's gross industrial output value.

It is learned that the city has invested about 700 million yuan in this sector over the past three years while at the same time promoting foreign co-operation so as to overcome fund shortages.

At present, the city is working out a new plan to further develop the new technology industries in the 1991-95 period.

Shanghai's Caohejing Zone Develops Hi-Tech Base

OW0308102790 Beijing XINHUA in English
0945 GMT 3 Aug 90

[Text] Shanghai, August 3 (XINHUA)—Shanghai's Caohejing technology development zone is developing into a major hi-tech base.

Surrounded by more than 100 higher-learning institutions, the zone is one of China's 14 coastal technical development zones and covers five sq km.

By the end of June, 19 foreign-funded enterprises had been approved for location in the zone, which is scheduled to house factories belonging to the micro-electronic, information, laser, optical fiber communications, bioengineering, instruments and meters and aviation and spaceflight industries.

According to Ye Sunan, deputy manager of the zone's joint development company, the zone generated an industrial output value totalling 1.84 billion yuan (about 391 million U.S. dollars) and exported 34 million U.S. dollars-worth of goods last year.

Central-South Region

Guangxi Secretary Views Labor Employment Work

HK0308082290 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 2 Aug 90

[Text] The Guangxi Regional Symposium on Urban Labor Employment Work concluded yesterday.

Chen Huiguang, secretary of the Guangxi Regional CPC Committee, attended and delivered a speech at yesterday's meeting.

In his speech, Comrade Chen Huiguang pointed out that in order to reduce Guangxi's unemployment rate and create more jobs in Guangxi, leaders at all levels in Guangxi must attach great importance to Guangxi's urban labor employment work. The whole society should also further heighten understanding in this regard. The regional departments concerned should formulate specific measures aimed at tackling Guangxi's unemployment problem.

The symposium revealed that Guangxi's urban unemployment rate is still relatively high at present.

In view of this situation, Comrade Chen Huiguang said that in order to solve Guangxi's unemployment problem, it is necessary to place urban labor employment work in Guangxi's social and economic development plans, attach great importance to urban labor employment work, and regard urban labor employment work as contributive to Guangxi's work aimed at strengthening ties between the CPC and people. The whole society should show concern for and support Guangxi's urban labor employment work. All departments concerned in Guangxi should also closely cooperate and coordinate with one another in carrying out urban labor employment work; guaranteeing provision of funds, technology, and information to urban labor employment work; and carrying out employment-related ideological education among the broad masses of people. All departments concerned in Guangxi should also adopt more preferential policies with a view to creating more jobs and reducing Guangxi's unemployment rate.

The three-day Guangxi Regional Symposium on Urban Labor Employment Work was held jointly by the Policy Research Office of the Guangxi Regional CPC Committee, the Guangxi Regional Structural Reform Commission, and the Guangxi Regional Labor Department.

The symposium was attended by more than 100 people, including responsible persons of various cities, prefectures, and regional departments concerned.

The symposium conscientiously studied and analyzed Guangxi's current urban labor employment situation as well as Guangxi's urban labor employment situation in the years ahead, studied Guangxi's current policies aimed at properly resettling the unemployed urban population, and submitted a report on Guangxi's urban employment work to the regional authorities.

Huang Baoyao, vice chairman of the Guangxi Regional People's Congress Standing Committee, also attended and delivered a speech at the symposium.

Hubei Meeting Urges Army-People Unity

HK0308044790 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 2 Aug 90

[Excerpts] The provincial people's government held a meeting yesterday afternoon, specially discussing how to implement the guidelines of the speech made by Comrade Jiang Zemin on television on 1 August, how to do more good and actual things for the Army and how to further strengthen the relations between the Army and the government, and between the Army and the people in our province.

Governor Guo Shuyan chaired the meeting and delivered a speech. Present at the meeting were Vice Governor Li Daqiang, Xu Shiqiao, provincial military district deputy political commissar, provincial people's

government secretary-general Wu Yuning, Wang Zhongnong, provincial party committee propaganda department head, leaders of Wuhan, Xiangfan and Xiaogan and responsible persons of the departments concerned directly under the provincial authorities. [passage omitted]

In his speech, Governor Guo Shuyan pointed out: Hubei Province is one of the old revolutionary bases and has the tradition of supporting the Army and give preferential treatment to families of revolutionary servicemen and martyrs, and the relations between the Army and the government, and between the Army and the people have all along been very good and close. However, under the new historical conditions, some new circumstances and new problems have cropped up in the relations between the Army and the government and between the Army and the people, to which we should pay high attention. Guo Shuyan continued: Of late General Secretary Jiang Zemin repeatedly emphasized the necessity of strengthening the unity between the Army and government and between the Army and the people. On the eve of 1 August, Comrade Jiang Zemin also delivered a televised speech, making new demands on strengthening the activities of supporting the Army and giving preferential treatment to families of revolutionary servicemen and martyrs, and supporting the government and cherishing the people, and the unity between the Army and the people and between the Army and the government in the new historical period. Party committees and governments at different levels and different departments of our province should study conscientiously and understand well the guidelines of the speech. At present our party and country are in a very important historical stage and further cementing the unity between the Army and the government and between the Army and the people is of very special importance. Therefore, party committees, people's governments and departments at different levels, and leading comrades in particular, should have a sound understanding of the issue and keep soberminded.

In his speech, Guo Shuyan also pointed out: It is necessary to properly solve some problems that are of much concern to the Army. He said that at present, particular attention should be paid to the following six problems which are of much concern to the Army. 1) Effective measures should be taken to protect military installations. 2) The problem concerning the ownership of real estate in areas where armed units are stationed should be properly settled. 3) The tendency of unjustified financial levies upon troops stationed in our province should be checked. 4) The sanctity of the People's Liberation Army should be guarded and the legitimate rights of servicemen should be protected. 5) Proper arrangements should be made for the placement of demobilized soldiers. 6) Appropriate arrangements should be made for employment of family members of servicemen and helping their children enter schools and child-care centers. [passage omitted]

Xu Shiqiao, provincial military district deputy political commissar, addressed the meeting too. He said: Further

strengthening the relations between the Army and the government and between the Army and the people in the new historical period is a major issue that bears heavily on the effort to maintain long-term political stability in our country and stability of the Army. The Army should also raise its understanding and make more efforts. To strengthen the relations between the Army and the government and between the Army and people at present, what is important is that both the Army and local authorities should all take the overall situation into consideration. The Army should respect local authorities and cherish the people. This is its tradition, which should be further carried forward in the new historical period. [passage omitted]

Southwest Region

Guizhou Secretary on College Party-Building Work

HK0208135190 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 1 Aug 90

[Text] The Guizhou provincial conference on college party-building work concluded in Guiyang yesterday.

The conference pointed out that all institutions of higher learning in Guizhou must implement a college president responsibility system under the leadership of the CPC committee, comprehensively implement to the letter the CPC's education policies, and ensure a comprehensive development of all their students.

The implementation of the college president responsibility system is aimed at strengthening CPC leadership over college work. All the CPC members, especially leading cadres, must consciously adhere to the CPC leadership in carrying out college work. The CPC committees of various institutions of higher learning must implement a collective leadership system. Before making a decision, the CPC committees of various institutions of higher learning must fully develop democracy by soliciting opinions from all the comrades concerned. Once a decision is made, all the CPC members must conscientiously and unconditionally carry out that decision. No one is allowed to overrule or act against the decision made by the CPC committees.

The conference pointed out that the implementation of the college president responsibility system under the leadership of the CPC committee has naturally put forward new demands on the CPC committees, especially the committee secretaries. Therefore, all the CPC committee secretaries must further heighten their own ideological and theoretical standards, strengthen their own party spirit, improve their own leadership skills, analyze and handle problems in accordance with the Marxist stand and viewpoint, rely on collective wisdom, make decisions on a scientific basis, and try to reduce mistakes in their work.

The CPC committees must fully respect and give full scope to the important role played by college presidents in college work and support the work of academic cadres.

The conference pointed out that an overriding task of the CPC organizations is to strengthen ideological and political work. At present, continued efforts must be made to further strengthen education on the CPC's basic line, the CPC history, and on China's current national situation with a view to enabling college students to cultivate a correct outlook on life, serve the people heart and soul, integrate themselves with workers and peasants, train themselves through practice, unify their own interests and wishes with China's national interests, and make their due contributions to China's socialist modernization cause.

The conference held that various institutions of higher learning in Guizhou should also implement a responsibility system under which some CPC professors and associate professors conduct political and professional training among a number of young and middle-aged teachers and some CPC teachers conduct political and professional training among a number of students.

The conference also demanded that the CPC committees, people's governments, and departments concerned in Guizhou attach growing importance to, show more concern for, and give more support to college work, continue to promote educational development, and help institutions of higher learning solve their problems and overcome their difficulties.

Liu Zhengwei, secretary of the Guizhou Provincial CPC Committee, and Ding Tingmo and Long Zhiyi, deputy secretaries of the Guizhou Provincial CPC Committee, attended and delivered important speeches at the conference, putting forward some new demands on Guizhou's college work.

Guizhou Peasants' Income Increases Jan-Jun 1990

HK0208143890 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 1 Aug 90

[Excerpt] The first six months of this year witnessed a sizable increase in Guizhou peasants' average income.

A sample survey conducted recently by the Guizhou Urban and Rural Social Development Investigation Team showed that in the first half of this year, the per capita income of Guizhou peasants reached 196.15 yuan, representing an increase of 7.33 yuan over the corresponding period of last year. The per capita bank deposits of Guizhou peasants reached 198.91 yuan, representing a 100-percent increase over the corresponding period of last year.

The sample survey also showed that in the first half of this year, the retail price index and consumer goods price index in Guizhou's rural areas fell by 25.1 percent and

26.5 percent respectively compared with the corresponding period of last year. Guizhou's agricultural production means the price index also fell by a large margin.

The stabilization of commodity prices resulted in the stabilization of popular feelings among the Guizhou people.

In the first six months of this year, Guizhou's total amount of livestock, such as pigs, sheep, and cattle, also increased by a large margin compared with the corresponding period of last year. [passage omitted]

Tibet Leaders Take Part in Voluntary Labor

OW0308045590 Lhasa XIZANG RIBAO in Chinese
2 Jul 90 pp 1, 3

[Excerpts] There was a clear and boundless sky, with bright sunshine and gentle breeze on 1 July. The old city of Lhasa was splendidly decorated for the festive occasion. [passage omitted] It was the CPC's 69th founding anniversary.

Around 0930 in the morning, Hu Jintao, Danzim, Gyaincain Norbu, Puquang, Gyamco, Tudao Doje, Gong Daxi, Zerensangzhu [3419 0088 2718 3796], and other leading comrades of the autonomous regional party committee and government, carried shovels and brooms on their shoulders. They participated in voluntary labor as ordinary party members and swept streets and cleared away garbage in high spirits to celebrate the occasion. [passage omitted]

The street and sidewalks were cleaned up, sewers unclogged, and garbage cleared away after more than one hour of hard work. Thus, the entire street took on a new look. [passage omitted]

Yunnan Secretary at Provincial CPC Congress

HK0208125290 Kunming Yunnan Provincial Service
in Mandarin 2300 GMT 1 Aug 90

[Text] Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, delivered a speech at the current Fifth Yunnan Provincial CPC Congress.

In his speech, Comrade Pu Chaozhu said that since the conclusion of the Fourth Yunnan Provincial CPC Congress, under the leadership of the CPC Central Committee, the Yunnan Provincial CPC Committee has steadfastly implemented to the letter the CPC's basic line, adhered to economic construction as the center, adhered to the four cardinal principles and the policies of reform and opening up to the outside world, and practically strengthened Party-building work.

Over the past five years, Yunnan has launched two province-wide campaigns against bourgeois liberalization, resisted attempts made by international antagonistic force to bring about peaceful evolution in China, overcome complex social contradictions and natural

calamities, including earthquakes, conscientiously furthered the campaign aimed at improving economic environment, rectifying economic order, and deepening reform, strengthened nationality solidarity, safeguarded social stability, ensured a sustained and steady development of provincial national economy, and further developed all types of undertakings.

Comrade Pu Chaozhu stressed that over the past five years, by adhering to economic construction as the center in light of the realities in Yunnan, Yunnan has mainly concentrated her efforts on strengthening and consolidating agricultural basis and building key projects. On the basis of stabilizing grain output, Yunnan has devoted more energies to developing tobacco, sugar, and tea productions as well as other light industrial raw material productions. As a result, Yunnan has raised a lot of funds to ensure her future economic take-off and increased her financial revenue from 1.97 billion yuan in 1984 to 6.2 billion yuan in 1989. Yunnan has also been able to invest more in energy, communications, water conservancy, afforestation, scientific, technological, and other types of key projects, strengthen the reserve strength of her economic development, further develop chemical, iron and steel, nonferrous metal, rubber, and papermaking industries.

In general, over the past five years, Yunnan's economy has witnessed sustained and steady growth. It can be said that the past five years is one of the best periods in Yunnan's development since the founding of the PRC.

Comrade Pu Chaozhu pointed out that Yunnan is a province inhabited by people of various nationalities and is situated in China's southwestern border area. Adhering to the four cardinal principles and maintaining overall stability in Yunnan is of great significance to the whole country. In view of this situation, the Yunnan Provincial CPC Committee has put forward the principle of maintaining unity and stability. By implementing this principle, Yunnan has basically maintained nationality solidarity, security in border areas, social stability, and economic growth as well. Nationality solidarity has a vital bearing on the overall situation in Yunnan. Over the past five years, the Yunnan Provincial CPC Committee has attached great importance to nationality work, further strengthened leadership over nationality work, further enforced autonomy in areas inhabited by people of ethnic minorities, trained more cadres of ethnic minorities, appointed more cadres of ethnic minorities to leading positions at all levels, and adopted a series of special policies aimed at promoting economic and cultural development in areas inhabited by people of ethnic minorities. Compared with 1984, the total industrial and agricultural output of areas inhabited by people of ethnic minorities increased by 43.3 percent in 1989; the per capita net income of Yunnan's peasants witnessed a 7.9-percent increase; half of Yunnan's 6 million poor population now have enough to eat and wear; more than 90.8 percent of children of ethnic minorities at school age in Yunnan now go to school; the

proportion of students of ethnic minorities in Yunnan now accounts for 31.5 percent of Yunnan's total student population.

Comrade Pu Chaozhu said that over the past five years, Yunnan has further promoted socialist democracy building and socialist legal system building, gradually perfected people's congress system in various areas, and further developed the CPC-led multi-party cooperation and political consultation system.

Over the past five years, Yunnan has also gradually strengthened party-building work and strengthened combat effectiveness of the CPC organizations at all levels. A fundamental turn for the better has been witnessed in Yunnan's ideological and political front since the conclusion of the Fourth Plenary Session of the 13th CPC Central Committee. After studying and implementing "Decision of the CPC Central Committee on Strengthening Ties Between CPC and People," the broad masses of cadres in Yunnan further improved their work style.

Over the past five years, the Yunnan Provincial CPC Advisory Committee has acted as a political advisor and assistant to the Yunnan Provincial CPC Committee in safeguarding the fine situation characterized by stability and unity and in promoting party-building work in Yunnan.

Yunnan Fights Drug Trafficking

HK0308070190 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No. 30, 23 Jul 90 pp 17-18

[Article by Luo Ping (5012 1627): "Yunnan Province Adopts Resolute Measures to Seize and Ban Narcotics"]

[Text] The third "International Anti-Narcotics Day" fell on 26 June 1990.

On that day, at a drug-fighting rally held in Kunming, the provincial capital of Yunnan, China, 14 drug traffickers were sentenced to death and executed right away, and 520 kg of heroin and 480 kg of opium seized in the past few years were destroyed in 20 caldrons. The masses at the rally, nearly 40,000 of them, clapped and cheered, praising the public security, armed police, and customs department of Yunnan who took this action. Many people commented: Narcotics have never ceased to bring degeneration and decadence, and firmly cracking down on drug abuse is in the interest of the state and the nation.

On that very day, a dozen frontier towns, important as hubs of communications, including Dehong, Baoshan, Lincang, and Xishuangbanna, also held drug-control rallies, executing seven drug traffickers and announcing the arrest of a batch of criminals involved in drug dealings.

On that very day, Yunnan provincial governor He Zhiqiang made an appeal to the people of the whole province: Rise to action, unfold a mammoth campaign

against narcotics, deal out more effective blows at drug infiltration from abroad, and remove all the conditions that help narcotics spread in the province.

All this demonstrates the firm stand and determination of the cadres and masses of various nationalities to fight narcotics. It has won wholehearted support from the general public.

The Peril of Cross-Border Drug Trafficking Returned

Before liberation, Yunnan was for a long time one of the drug-swamped provinces in the country. In the early days of new China, the government initiated a large-scale mass campaign to fight narcotics. The peril of narcotics that had hung around for more than a century was ended. But Yunnan, with a frontier of more than 4,000 km in length, borders on the north of the world-known base of drug production, the "golden triangle". These years, drug trafficking groups from abroad, taking advantage of China's opening up, smuggled narcotics into Yunnan in an extremely secret way and then took them to the international market via Guangzhou and Hong Kong.

In recent years, the number of crimes involving drug trafficking has rocketed as a result of infiltration from the "golden triangle" into China. According to the statistics from a relevant department, 56 drug offenses were cracked in 1987 and 37 kg of opium and 43 kg of heroin seized; in 1978, the number of cases cracked rose to 268, wherein 239 kg of opium and 166 kg of heroin were seized; and there was another significant rise in this figure in 1989. Most of these cases were cracked in Yunnan Province, which indicates that this province has become an important battlefield for fighting international drug offenses.

In order to dodge the Chinese drug control, drug traffickers rack their brains trying to smuggle drugs into China with all sorts of deceptive means. They make drugs into heroin which is easy to hide and carry. It is then put into textbooks, ball bladders, tires, in between the sandwich walls of fuel tanks, and above the roof beams of automobiles. Even the bodies of women, babies, and lepers are exploited by them as means for hiding drugs. A couple of big shots even managed drug trafficking under armed escort. All these methods used by them in drug trafficking are sinister and ruthless, and these crimes have brought disaster to the Yunnan people.

Frontier: Interception and Blocking; Within the Province: Hunting and Elimination

The government departments at various levels in Yunnan, taking their positions at the forefront of China's antidrug effort, waged a resolute battle against drug offenses of the "golden triangle".

In the early 1980's, a leading team was formed in Yunnan to take charge of drug suppression and the public security set up specialized anti-drug contingents.

On 26 August 1989, the standing committee of the Yunnan Provincial People's Congress passed a regional anti-drug act, "Regulations Regarding the Administrative Punishment of Drug Offenses In Yunnan Province," the first of its kind in the country. It went into effect on 1 January of this year. In order to better implement the regulations, the provincial people's government promulgated "Ways To Implement the Regulations Prohibiting Drug Taking in Yunnan Province" on 21 June.

The guiding principle that Yunnan provincial authorities have followed in fighting the infiltration of drugs from outside the province is plugging the fountainhead on the one hand and cutting off the flow on the other. Plugging the fountainhead means preventing drugs coming in from outside the country. There are two aspects to cutting off the flow: One is strengthening the front-line work at the border and striving to seize all the drugs that have already slipped in before they get out of the frontier area; the other is strengthening reconnaissance throughout the province and striving to crack all cases within the province in order to stop drugs flowing into other provinces. They follow the principle of combining the efforts from both specialized anti-drug contingents and the masses, take the measures of intercepting drug trafficking at the frontier and hunting down and eliminating drugs within the province, and seizing and banning narcotics in an all-round way with the help of strengthened reconnaissance.

At dusk one day, a truck laden with shaddocks came to a major road junction in Baoshan City, western Yunnan. An anti-drug team went onto the truck and started moving away the shaddocks one by one. When the top layer of about 0.3 meter in depth had been removed, they found two milk powder tins wrapped in two bundles of toilet rolls. And in these tins were hidden narcotics. By the end of the search, the team had ferreted out altogether six milk powder tins with 727 grams of heroin.

According to some informers, a person by the name Song [1345] in Jiangchuan County is a regular drug trafficker. The public security then started reconnaissance. It was found out that a Song Shaohua [2646 4801 5478] of this county was often away "on business" and his neighborhood said that he had made a big fortune all of a sudden. His old trick is passing himself off as a soldier and hiding drugs in the sandwich walls of petrol drums. On 16 March 1988, Song and two partners went to a place by the frontier in Dehong Prefecture. They had just finished their drug deal with drug traffickers from the other side of the border when they were captured, together with 15.65 grams of heroin. All the seven accomplices were also caught one after another some time later.

Last year, when detecting and cracking cross-border drug trafficking, Yunnan seized over 400 drug traffickers of non-Chinese nationalities. This is an indication that drug trafficking has been increasingly internationalized and better organized. Therefore, it is necessary to tackle such cases with joint efforts.

In April 1986, according to the information provided by the Thai police, the public security of Yunnan formed a well-knit network of reconnaissance and, with the cooperation of Hong Kong police, cracked an exceptionally big case involving 22,768 grams of heroin. The prime culprit, Wen Yuanhe [3306 3293 0735] (a Thailander), who had engaged in international drug trafficking for 30 years and had long been pursued by the police in Thailand, the United States, Macao and Hong Kong, was still at large until he finally fell into the net of justice in Kunming and was executed.

The Entire Society Pays Attention and Takes the Responsibility

Cross-border drug traffic is bound to bring troubles. And the worst of them have plagued Dehong Dai-Jingpo Autonomous Prefecture, in the vicinity of the source of narcotics, of Yunnan Province. In 1982, only 10 drug addicts were found. But in 1989, 15,000 was the number registered. What is particularly shocking is that, when the provincial sanitation and antiepidemic department put the drug addicts from Ruili County under serological monitoring for the AIDS virus last October, 79 of all the subjects were found out to be carriers of the AIDS virus. By the end of last year, altogether 146 drug addicts in the prefecture had been found showing a positive reaction in serological tests. Small numbers of infected people have also been found in Wanding, Luxi, Longzhou, all in the vicinity of Ruili. Narcotics and AIDS, the twin gods of plague, are now a grave menace to Yunnan.

In order to firmly check drug taking, Yunnan Province took some resolute measures. The regulation regarding strict prohibition of drug taking promulgated by the provincial government on 21 June this year says: Taking (including receiving injection of) narcotics is in violation of the law without exception and public security substations are vested with the power of taking detoxification measures toward them. The work units and families of drug addicts are responsible for supervising the latter's efforts to withdraw from drug taking; those who fail to give up drugs within three months will be organized by township governments in rural areas and subdistrict offices in urban areas to work for withdrawal from drug taking in groups; those who fail to give up drugs within another three months will be sent to county (or city) detoxification centers for forced abstinence; if drug taking still persists even after that, they will be subject to reformation through labor.

At present, there are 17 permanent detoxification centers throughout Yunnan Province, which ran more than 200 terms of abstinence sessions in 1989, making painstaking efforts in eradicating the narcotic peril. Ruili County was one of the earliest in setting up such centers. The efforts of Ruili detoxification center have paid off remarkably well, the rate of drug withdrawal there being some 20 percent, twice that of some Western countries.

Last October, an expert in drug dependence and abstinence Dr. (Edward Sunny) came to Ruili County to

inspect drug control as a delegate from the drug control organization of the United Nations. He said: Drug control in China does manifest Chinese characteristics. He named Ruili's measures for detoxification as "Ruili formula" and maintained that it is an example for the rest of the world to follow. This "Ruili formula" simply means combining attention and efforts of the entire society and handling drug addiction in a comprehensive way.

In some of the frontier villages in Simao Prefecture, Yunnan Province, local rules have been installed regarding drug control. It is stipulated in these rules that: Those who inform against drug traffickers and addicts will be rewarded; those villagers who have truly withdrawn from drug taking will find help in resuming their production activities; supervisory teams consisting of village cadres, militiamen, and activists will be set up to educate, organize, and urge drug addicts to give up drugs while participating in labor; and so on and so forth. All the drug addicts in Yubao Village of Lancang County and on Mang Street of Menglian County have given up drugs under the education, assistance, and supervision of the masses.

Northeast Region

He Zhukang Views Policemen's Demonstration

SK0208090890 Changchun Jilin Provincial Service
in Mandarin 2100 GMT 1 Aug 90

[Summary from poor reception] In order to mark the 63d anniversary of the PLA's [People's Liberation Army] founding, officers and soliders of the mobile units of the provincial armed police forces held a demonstration of operations on the afternoon of 1 August.

Attending the demonstration were leading comrades from the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial People's Government, the provincial Chinese People's Political Consultative Conference Committee, and the PLA units stationed in Changchun City, including He Zhukang, Wang Zhongyu, Zhang Fengqi, Liu Yunzhao, Du Qinglin, Wu Yixia, Xiao Chun, Xu Yuancun, Gao Wen, Zhang Wenkui, and Zhang Baohua.

Prior to the demonstration, the leading comrades reviewed the police troops and commended the police units and individuals who had made marked contributions to maintaining social peace.

The police demonstration included Kung-Fu, bayonet fighting, capturing skills, activities of preventing or combating violence and rushing to deal with emergencies, mechanized operations, and others. Their performances drew prolonged applause.

Sun Weiben Attends Commendatory Meeting

SK0308100090 Shenyang Liaoning Provincial Service
in Mandarin 2200 GMT 2 Aug 90

[Excerpts] On the evening of 2 August, the provincial government held a meeting in Shenyang to commend the men's basketball team of Anshan Iron and Steel Complex of Liaoning that won the fourth Asian basketball-cup basketball championship. [passage omitted]

At the commendatory meeting, the provincial Personnel Affairs Department announced the decision to commend the Liaoning men's basketball team, which did credit to the country and won honor for Liaoning by raising the wages of the team members. [passage omitted]

The provincial Trade Union Council announced the decision of conferring the title of provincial advanced collective on the men's basketball team of Anshan Iron and Steel Complex of Liaoning, and presented the provincial 1st May labor certificate of citation to it. [passage omitted]

Provincial leading comrades, including Quan Shuren, Dai Shuli, Yue Qifeng, Wang Chonglu, Li Jun, Wang Wen yuan, and Shen Xianhui, attended the commendatory meeting and presented awards to the coaches and athletes.

Wang Wen yuan gave a speech at the meeting. He expressed the hope that the men's basketball team of Anshan Iron and Steel Complex would make persistent efforts to scale the height of sports. [passage omitted]

Sun Weiben Attends Opening of Women's Congress

SK0308105690 Harbin Heilongjiang Provincial Service
in Mandarin 0900 GMT 2 Aug 90

[Excerpts] The seventh Heilongjiang Provincial Women's Congress opened in Beifang Building today. Attending the congress were 56 delegates from various localities and cities throughout the province. Provincial leaders including Sun Weiben, Zhou Wenhua, Lin Sheng, Qi Guiyuan, Zhang Xiangling, Wang Jun, He Shoulun, Du Xianzhong, Li Min, and Jin Xiaozhen, and principal comrades of the provincial military district and army units stationed in our province, also attended the congress.

In recent years, women's federations at all levels throughout the province actively organized and mobilized women to participate in the four modernizations drive, and made contributions to maintaining social stability, comprehensively raising the quality of women [through training] and safeguarding the rights and interests of women and children. In 1986, women's federations at all levels throughout the province cooperated with efforts from all quarters to painstakingly organize women in the rural areas to carry out a large-scale campaign to increase production, practice economy, increase revenues and reduce expenditures. At present,

the women's training network has been formed, covering a provincial higher vocational training school for women, 89 women's training centers in cities, prefectures and counties, and more than 1,200 schools for women in townships and towns, and some scientific and technological demonstration households for women. Thus, we succeeded in forming a women's training system under which the province and various cities, prefectures and counties attend to the supply of qualified teachers, townships and towns attend to training of key cadres and villages attend to popularization of women's training. [passage omitted]

At today's seventh provincial women's congress, Zhou Wenhua, deputy secretary of the provincial party committee, fully affirmed the province's achievements in women's work in the past five years on behalf of the provincial party committee and government and pointed out that the provincial party committee ardently hoped that this women's congress will study and decide on the current tasks and the tasks for the next five years for our province's women's work in line with the guidelines of the Fifth and Sixth Plenary Sessions of the 13th party Central Committee, and the sixth plenary session of the sixth provincial party committee, and under the party's leadership, carry out work in favor of the central tasks of stabilizing the overall situation, improving the economic environment, rectifying the economic order, deepening reform, stabilizing and developing the economy, and fully displaying the women's role of holding up half the sky.

In his speech, Zhou Wenhua called on women's federations and organizations at all levels throughout the province to firmly foster the guiding ideology that stability is an overriding task, fully display the role of women in safeguarding stability, improvement, rectification, and deepening of reform, and will represent and safeguard women's interests, serve as builders of socialist spiritual civilization and contribute to realizing a sustained, steady and coordinated economic development in our province.

Airport Security Viewed in Shenyang, Northeast

HK0308052390 Beijing RENMIN RIBAO in Chinese
29 Jul 90 p 3

[Report by Sun Maoqing (1327 5399 1987), Shangguan Xuemin (0006 1351 1331 2404), and Feng Weiguo (7458 5898 0948): "Shenyang Air force and the Three Northeast Provinces Join Efforts To Strengthen Security of Airports"]

[Text] On the eve of "1 August," Shenyang Air Force, and provincial CPC Committees, provincial governments, provincial Public Security Bureaus, Civil Administration Bureaus, and Offices for Building Socialist Spiritual Civilization of Liaoning, Jilin and Heilongjiang Provinces held a joint meeting of the Army, police and civilians to specially discuss the issues of working out measures to strengthen security of airports, and promote

the unity between the Army and governments, and between the Army and civilians.

The Shenyang Air Force is in charge of a total of more than 30 airports. In recent years, air force units stationed in various airports have been working together with villages, townships, cities, residential districts, factories, mines, enterprises and institutions nearby to establish 528 points for jointly promoting socialist spiritual civilization, and actively doing good things for the masses in places around the airports where the troops are stationed.

Last year alone, various air force units spent 200,000 workdays on 165 local engineering and construction projects, and sent 688 aircrafts to participate in the work of providing disaster relief and rescuing the masses. This helped promote close relations between the Army and the people, and strengthen the unity between the Army and governments. However, with the development of the commodity economy, and the expansion of contacts between the Army and civilians, problems involving the Army and civilians have occurred from time to time. In view of the existing problems, leaders of both the Air Force and local governments decided to take the following measures through extensive consultations: First, giving an extensive publicity to the "Law on Protecting Military Facilities" which is to be enforced soon, and exercising supervision and giving assistance to local governments and the masses around the airports to enforce the law; second, setting up joint defense organizations involving the Army, police and civilians, and establishing joint defense networks to ensure the security of the airports; third, properly handling problems left over from history, and disputes involving the Army and civilians; and fourth, doing well in promoting the joint efforts of the Army and civilians to build socialist spiritual civilization.

While giving play to their technical strong points, air force units stationed in various airports must also pay attention to giving play to their political strong points to extensively carry out activities among the masses of providing education in current affairs, the legal system, and national defense, of learning from Lei Feng, and of promoting a new work style. This will fully enhance the concept on national defense of the masses, and arouse their enthusiasm in conscientiously taking good care of, and protecting airports.

Northwest Region

Qinghai Handles 365 Economic Cases Jan-Jun 1990

HK0208125690 Xining Qinghai Provincial Service
in Mandarin 2230 GMT 1 Aug 90

[Text] This year, procuratorial organs at all levels in Qinghai have achieved marked successes in cracking down on such economic crimes as corruption and bribery.

By the end of June of this year, procuratorial organs at all levels in Qinghai had handled a total of 365 economic cases, which represents a 200-percent increase over the corresponding period of last year, and recovered economic losses totaling more than 3.4 million yuan for the state.

This year, procuratorial organs at all levels in Qinghai have mainly concentrated their efforts on cracking down on corruption and bribery cases involving party, government, and judicial cadres. By the end of the June, a total of 32 such cases had been investigated and handled. Some 33 party members and 12 party cadres and People's Congress deputies at and above the county level had been disciplined.

In investigating economic cases, procuratorial organs at all levels in Qinghai have implemented a chief procurator responsibility system. As a result, the majority of chief procurators in Qinghai have personally participated in investigating and handling all the major and serious economic cases.

Discipline Commission Official Inspects Shaanxi

*HK0308104090 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 2 Aug 90*

[Text] During his recent inspection in Xian, Chen Zuolin, deputy secretary of the Central Discipline Inspection Commission, pointed out that straightening out malpractices in various trades and professions constitutes an important component part of Shaanxi's work aimed at rectifying party style and improving general mood of the society.

In order to straighten out malpractices in various trades and professions, it is necessary to carry out ideological education, promote system building, and strengthen CPC leadership at all levels.

Comrade Chen Zuolin and Comrade Cao Qingze, who is member of the Central Discipline Inspection Commission, inspected Xian City from 28 July to 30 July.

Comrade Chen Zuolin said that all trades and professions must serve people heart and soul and strive to eliminate all types of malpractices which have caused strong resentment among the masses. Efforts must also be made to mobilize the broad masses of the people in Shaanxi to participate in the struggle aimed at putting an end to all types of malpractices in various trades and professions. Leaders of various trades and professions must closely rely on the broad masses of the people in carrying out this struggle.

Comrade Chen Zuolin stressed that in order to straighten out all types of malpractices in various trades and professions, redoubled efforts must be made to carry out ideological education among the broad masses of the people, promote system building, and strengthen the CPC leadership in various trades and professions. In carrying out ideological and political work, greater

efforts must be made to improve the quality of all the CPC members and cadres and strengthen their immunity to corruption and peaceful evolution. It is also necessary to establish an effective system aimed at preventing and eliminating all types of malpractices in various trades and professions. Without such an effective system, nothing could be accomplished. Leading cadres at all levels in Shaanxi must personally take the lead in eliminating all types of malpractices and must set a fine example for their subordinates in this regard.

During their stay in Xian, Comrade Chen Zuolin and Comrade Cao Qingze also joined Comrade Zhang Boxing, secretary of the Shaanxi Provincial CPC Committee, at a meeting to listen to a work report made by (Li Fang), secretary of the Shaanxi Provincial Discipline Inspection Commission.

Shaanxi Overfulfills Summer Grain Purchase Quota

*HK0308073590 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 2 Aug 90*

[Text] By 31 July, Shaanxi Province had overfulfilled this year's summer grain purchase quota.

By 31 July, Shaanxi had purchased a total of 955 million kg of summer grain, accounting for 107.9-percent of this year's summer grain purchase quota assigned by the Shaanxi Provincial People's Government and fulfilling this year's summer grain purchase quota one month ahead of schedule.

Except for Xian City and Yulin Prefecture, the other eight major cities and prefectures of Shaanxi Province had all overfulfilled this year's summer grain purchase quota by 31 July of this year.

This year, party and government leaders at all levels in Shaanxi attached great importance to summer grain purchase work. Various banks and industrial and commercial departments at all levels in Shaanxi also closely cooperated with one another in supporting and ensuring complete fulfillment of this year's summer grain purchase quota. Moreover, the broad masses of rural cadres and grain workers in Shaanxi also made every possible attempt to overcome difficulties and eliminate the IOU phenomenon.

As a result, the broad masses of Shaanxi peasants became enthusiastic in selling grain to the state. This year, 824 peasant households in Shaanxi sold more than 10,000 jin of summer grain to the state, representing an increase of 499 such peasant households compared with last year.

Shaanxi Conference of Chief Procurators Concludes

*HK3007050290 Xian Shaanxi Provincial Service
in Mandarin 2300 GMT 27 Jul 90*

[Text] At the Shaanxi Provincial Conference of Chief Procurators, which concluded yesterday, Yang Lie, chief

procurator of the Shaanxi Provincial People's Procuratorate, stressed that in the second half of this year, procuratorial organs at all levels in Shaanxi must make continued efforts to steadfastly push ahead with the struggle against corruption and bribery and the struggle aimed at cracking down on major and serious crimes with a view to further promoting political, economic, and social stability in Shaanxi.

In the first half of this year, procuratorial organs at all levels in Shaanxi conscientiously implemented to the letter the principle of eliminating corruption and maintaining overall stability and adopted forceful measures to crack down on major and serious crimes. By the end of June of this year, Shaanxi had investigated more than 1,500 corruption and bribery cases, representing a 58-percent increase over the corresponding period of last year, placed more than 390 cases on file for investigation and prosecution, representing a 68-percent increase over the corresponding period of last year, and recovered direct economic losses totaling more than 8 million yuan for the state.

By the end of June of this year, Shaanxi had handled more than 490 corruption and bribery cases. In the first half of this year, procuratorial organs also cooperated with public security departments at all levels in Shaanxi in cracking down on major and serious crimes and severely and rapidly punishing a batch of criminals committing major and serious crimes.

In his speech, Comrade Yang Lie said that in the second half of this year, efforts must mainly be concentrated on investigating and cracking major and serious cases concerning financial affairs, bank credit and loans, grain production, building industry, tourism industry, and private house building. It is necessary to concentrate efforts on investigating and prosecuting people committing major and serious corruption and bribery cases.

At yesterday's conference, the Shaanxi Provincial People's Procuratorate commended a total of 20 advanced procuratorial organs, including Yulin City People's Procuratorate, and a total of 11 advanced individuals, including Zhang Yongxin, chief procurator of Hengshan County People's Procuratorate. Moreover, some 80 advanced procuratorial workers, including Comrade Jie Yuan, were given the title "model workers" at the conference.

Xinjiang Military Leader Urges Stability Efforts

OW0308042490 Urumqi XINJIANG RIBAO in Chinese 6 Jul 90 p 1

[By correspondent Du Xianzhou (2629 3759 3166)]

[Text] Gao Huanchang, commander of the Xinjiang Military District, addressed a meeting on the morning of 12 June, attended by cadres from all departments of this military district and from armed forces units stationed in Urumqi at and above divisional level. He stressed that armed forces units should form closer ties with the Government and the people and make contributions to the stability of the overall situation in Xinjiang.

Gao Huanchang pointed out in his speech: Currently, all armed forces units in the district should resolutely carry out the principle established by the central authorities: "Stability is above everything. Leading bodies at all levels should pay strict attention to the study and education on the need to maintain stability. They should deeply understand the importance of maintaining the stability of leading cadres at all levels and do an earnest job in enforcing political discipline in light of the international and domestic realities and the actual situation in the border region. Party committees at all levels should make a success of their various tasks in connection with the stabilization of the overall situation and pay serious attention to the performance of border defense duty, military training, and preparedness against war. All commanders and fighters should faithfully carry out their duties and make new contributions to maintaining stability in the border region.

Moreover, he urged all units of this military district to do a really successful job of strengthening unity between the Army and the Government and between the Army and the people. The leadership at all levels should use experience in strengthening army-people unity to educate armed forces units and see to it that the broad masses of commanders and fighters firmly upholds the concept of the "two inseparables," take the initiative in doing good for the real interests of the local masses, and resolutely guard against any incident which might hurt the unity of the Army and the people and among different nationalities. Armed Forces units should make it a common practice to safeguard the unity between the Army and the people and among different nationalities to promote Xinjiang's stability and development for a long time to come.

Taiwan Politicians Meet Shanghai Scholars

*OW0308042690 Shanghai City Service in Mandarin
0900 GMT 2 Aug 90*

[By reporter (Zhu Mei); from the "News and Weather" program]

[Text] An eight-member visiting group of Taiwan politicians, headed by (Cai Qiansai), noted personage in Taiwan, held discussions and exchanged views with experts and scholars of Fudan University today at the (Panshan) Hall in the building of the municipal committee of the Chinese People's Political Consultative Conference [CPPCC]. They frankly gave their views on the reunification of the two sides of the Strait and the questions of strengthening contacts and communications.

The Taiwan politicians' visiting group arrived in Shanghai on 31 July. On the same day, Mao Jingquan, vice chairman of the municipal CPPCC committee, and Yang Di, member of the Standing Committee of the CPPCC National Committee, met with, and feted, them at the Jinjiang Hotel.

While in Shanghai, the group visited the Pudong Development Area, the Baoshan Iron and Steel Complex, the Yuyuan Park, and the Yufo Temple.

Prior to its arrival in Shanghai, the group had visited Beijing, Xiamen, and Nanjing.

During the discussions, the compatriots on both sides of the Strait shared the aspiration for the reunification of the motherland. Zhuang Xichang, vice president of Fudan University and professor of the university's History Department, briefed the compatriates from Taiwan on the current condition of this university.

More Taiwan Businessmen Visit Shandong Province

*OW0208234190 Beijing XINHUA in English
0932 GMT 2 Aug 90*

[Text] Jinan, August 2 (XINHUA)—More and more businessmen and industrialists from Taiwan are visiting Shandong, a coastal province in east China, these days.

According to Chen Xiyue, deputy director of the Taiwan Affairs Office of the provincial government, more than 6,000 people from Taiwan have visited Shandong in the past year or so and signed 138 contracts involving a total of 150 million U.S. dollars.

A total of 45 Taiwan-funded firms have been founded, mainly in the electronics, chemical, building materials, transport and tourism industries, he said.

Premier Praises 'Pragmatic' Policy Results*OW0308043790 Taipei CNA in English 0253 GMT
3 Aug 90*

[Text] Taipei, Aug. 3 (CNA)—Premier Hao Po-tsun, saying that the "pragmatic foreign policy" had borne fruit since its adoption two years ago, told a cabinet meeting Thursday that the policy would be continued in spite of the suspension of diplomatic relations between the Republic of China and Saudi Arabia.

The policy aims to bring the Republic of China greater maneuvering room in the international community by improving its ties—both official and nonofficial—with the countries throughout the world.

Since its implementation, Grenada, Liberia, Belize, the Commonwealth of the Bahamas, and Lesotho have successively established diplomatic relations with the Republic of China.

The premier denied the argument that these development had invited Peking to strike back at Taipei, saying that the suspension of Taipei-Riyadh ties was not the direct result of the pragmatic foreign policy. "There is not necessarily a cause and effect relationship between the pragmatic foreign policy and the break between the Republic of China and Saudi Arabia."

Hao also reiterated that the current mainland policy would remain unchanged.

The ongoing mainland policy, he said, has its own logical development, and should be implemented step by step. He opposed a drastic change in the mainland policy just because Riyadh had switched diplomatic recognition to Peking.

Premier Hao Meets Japanese Diet Delegation*OW0308014790 Taipei CNA in English 1524 GMT
2 Aug 90*

[Text] Taipei, Aug. 2 (CNA)—Premier Hao Po-tsun called for Republic of China-Japan cooperation in strengthening East Asia prosperity Thursday.

The premier urged his Japanese friends to consider improving mainland Chinese lives, rather than supporting the communist regime, when deciding on economic aid to the mainland.

Meeting five members of the Japanese Lower House, Hao said communism expanded quickly in the five years after World War II and the disaster it had brought to mankind was still being felt.

But judging from the rapid changes in most communist countries since last year, it could safely be predicted that the days of the Chinese Communist regime were numbered, Hao said.

Military Athletes in Asian Games Permitted*OW0308015490 Taipei CNA in English 1530 GMT
2 Aug 90*

[Text] Taipei, Aug. 2 (CNA)—Premier Hao Po-tsun approved Thursday an Education Ministry request that members of the armed forces be allowed to participate in the Peking Asian Games this fall.

The sports community hailed the decision, predicting that with 13 servicemen joining the Chinese Taipei delegation, it would have better performances in Peking.

Chang Feng-hsu, president of the Chinese Taipei Olympic Committee, said the athletes had been greatly encouraged by the Government's "wise decision."

Ten of the selected soldiers are marksmen. The other three will compete in basketball, baseball, and cycling events.

Official on Possible Postponement of Saudi Talks*OW0308014590 Taipei CNA in English 1533 GMT
2 Aug 90*

[Text] Taipei, Aug. 2 (CNA)—A Foreign Ministry official said Thursday that negotiations on a formula for future Taipei-Riyadh ties might be postponed as the Middle East situation was becoming increasingly tense.

The Republic of China and the Kingdom of Saudi Arabia have agreed to work out a formula to maintain substantive relations even though Riyadh switched its diplomatic recognition from Taipei to Peking July 22.

No conclusion was reached during the first session of the Riyadh negotiations, and the second session is scheduled to be held Saturday.

As the Saudis were busy mediating between Kuwait and Iraq, now at war over territorial disputes and international oil prices, the second session of the Riyadh negotiations could thus be put off, the official said.

Defense Minister Explains National Policy*OW0308043490 Taipei Domestic Service in Mandarin
2300 GMT 1 Aug 90*

[Text] Minister of National Defense Chen Lu-an delivered a speech on national defense policy yesterday for the first time since he took office. He pointed out: We will strive to reduce national defense manpower in the

future, but overall readjustment of the personnel system must be considered and gradually be made.

On the Air Force, he said that we should have complete control of the air over the Taiwan Strait and ensure security with high-performance aircraft and defense systems. On coastal defense, he said that we will set up a coast guard to deal with the smuggling of goods and personnel and with the harassment of [communist] fishing boats. On the Army, he said that some of the large number of troops stationed in the Kinmen and Matsu

areas have gradually been withdrawn back to Taiwan in recent years. However, the withdrawal has to be very slow.

Chen Lu-an said: The next four or five years is a crucial period for our national defense policy. The Ministry of National Defense needs the support of other ministries in order to enable the Army, the Navy and the Air Force to successfully upgrade their defense weapons.

Chen Lu-an delivered the speech on national defense policy at the request of the northwest chapter of the Taipei Rotary Club.

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7 August 1990

